

PUBLIC ACCOUNTS 2020-2021

Section III: Supplementary Financial Statements – Other Entities

Government of
Northwest Territories

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2021

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

OTHER ENTITIES

HONOURABLE CAROLINE WAWZONEK
Minister of Finance

This page was intentionally left blank.

Public Accounts of the
Government of the Northwest Territories

Table of Contents

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS – OTHER ENTITIES

Entities

Aurora College
Arctic Energy Alliance
Inuvialuit Water Board
Northwest Territories Business Development and Investment Corporation
Northwest Territories Heritage Fund
Northwest Territories Housing Corporation
Northwest Territories Human Rights Commission
Northwest Territories Hydro Corporation
Northwest Territories Surface Rights Board
Status of Women Council of the Northwest Territories

Revolving Funds

Fur Marketing Service Revolving Fund
Marine Transportation Services
Northwest Territories Liquor Licensing Board and Liquor Enforcement
Northwest Territories Liquor & Cannabis Commission
Fuel Services Division
Public Stores Revolving Fund
Yellowknife Airport Revolving Fund

Special Purpose Funds

Environment Fund
Legislative Assembly Retiring Allowance Fund
The Natural Resources Conservation Trust Fund
Public Trustee for the Northwest Territories
Students Loan Fund
Territorial Court Judges Registered Pension Plan Fund
Physical Activity, Sport and Recreation Fund

This page was intentionally left blank.

2019-20
ANNUAL REPORT
AURORA COLLEGE



COLLÈGE AURORA COLLEGE

PURPOSE

The purpose of Aurora College is to deliver adult education and post-secondary education, including the delivery of university-level programs and the granting of prescribed university degrees and applied bachelor programs.

MISSION STATEMENT

Aurora College is focused on student success and is committed to supporting the development of our Northern society through excellence in education, training and research that are culturally sensitive and responsive to the people we serve.

OUR VALUES

Together, we are creating a vibrant, Northern college that is committed to excellence in education and research and fosters understanding and respect among all Northern people.

We will continue to do this by:

- Serving students in the best way possible, offering a seamless transition between high school, work, college and university;
- Nurturing critical thinking skills and problem-solving abilities;
- Offering a full spectrum of post-secondary education, qualifying Northerners to work or to go on to further education anywhere in Canada;
- Respecting and celebrating Indigenous cultures and linking modern and traditional lifestyles;
- Supporting innovation in education and research;
- Ensuring research and post-secondary education are well integrated, through strong partnerships with industry, communities, governments and other educational institutions;
- Recognizing our role in supporting the governance and economic development of Northern communities;
- Attracting and retaining highly qualified Northern staff and faculty; and
- Fostering an environment of excellence in which staff, faculty and students can work and learn.

New vision, mission and values are being developed as part of the 2020-2023 Strategic Plan.

TABLE OF CONTENTS

2019 - 2020 At A Glance 1

Administrator's Message 3

President's Message 4

Facts And Figures 5

Covid-19 Response 7

2019-20 Highlights 8

- Transformation Into A Polytechnic University 8
- Teaching And Learning 9
- Research 11
- Student And Alumni Success 13
- Partnerships 15
- Aurora College Team 16
- Finances At A Glance 17

Audited Financial Statements 18

Appendix A: Unaudited Write-Offs 46

2019-2020 AT A GLANCE

STUDENTS



29 Degrees
granted in 2019-20



38 Certificates
granted in 2019-20

63 Diplomas
granted in 2019-20



RESEARCH

RANKED

29th & **7th**

Overall out of Canada's Top 50 Research College

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

250+
EXTERNAL RESEARCHERS
received support and/or services from the Western Arctic Research Centre



2,502
ACCOMMODATION
nights provided to external researchers

STEM OUTREACH

161
STEM
(Science, technology, engineering and mathematics) events took place with

2966
NORTHERN YOUTH
and residents in attendance



EMPLOYEES

Aurora College Team

288 STRONG

16 have doctorate degrees

29 have masters degrees

NEWSWORTHY INSTITUTION

46 NEWS ARTICLES

about Aurora College in NWT print and electronic media

4471 FACEBOOK

followers - that's 10% of the NWT population!

COVID RESPONSE

12 PROGRAMS

went from in-person to online in two weeks

62

students received computers to assist with learning from a distance

130 STUDENTS

graduated on schedule in April 2020 after successfully transitioning to online course work

$69,562

is the total amount received from Natural Sciences and Engineering Research Council (NSERC) and the GNWT to support NWT small businesses and residents to safely deliver products to market to support reducing the impact of COVID-19



400

face mask ear protectors produced in partnership with the Inuvik Robotics Club

250

production prototype face shields produced in collaboration with local business

ADMINISTRATOR'S MESSAGE



When we started the 2019-20 academic year, we were ready for the challenges that every new academic year brings. None of us could have foreseen what we would be facing early in 2020 when the COVID-19 pandemic was declared or how we would respond. In our new global reality, the Aurora College team and students have proven they can meet any challenge head on, find solutions and execute them.

Not only did we meet the challenges of teaching and learning from a distance during a global pandemic, we built on our innovative solutions to drive the success of transformation to a polytechnic university. We have learned how to adjust to rapid change, how to find solutions to some very complex issues and most importantly we have seen what a team working together with passion and purpose can accomplish.

As we continued to focus on delivering quality education, we also increased our planning efforts for the transformation of Aurora College to a polytechnic university. During this academic year we laid the groundwork for the development of a new 3-Year Strategic Plan – 2020-2023 Strengthening The Foundation and Planning for Change, that was informed by our College team, our partners and our stakeholders. As a team, we will develop our vision, our mission and the values that will guide us through the next three years.

These are exciting times for Aurora College, and I am proud to be the Administrator for an institution that supports the people of the North and life-long learners everywhere.

Denny Rodgers
Administrator

PRESIDENT'S MESSAGE



The 2019 -20 academic year was unprecedented – from the shift to online teaching and learning when the COVID-19 pandemic was declared, to taking significant steps towards our transformation to a polytechnic university. Throughout all this change I have been continually humbled by and proud of the adaptability, flexibility and resiliency of both our students and the College team.

The College team has worked hard to support the NWT response to the pandemic, including supporting the manufacturing market of personal protective equipment, volunteering to support emergency response, contributing to clinical experience on the front line where it was needed most, providing College facilities to support isolation needs, and working with school authorities to provide access for JK- 12 classes to use College facilities.

Our students successfully transitioned to online learning and completed their coursework despite the interruption of moving to a completely different delivery model. That kind of resiliency bodes well for the future of those students who have graduated and for success in their new careers. Some of our students chose to take a step back during the pandemic and we will continue to support their re-entry into our post-secondary institution when they are ready.

The academic year was one of planning for the future and the establishment of transformation working groups, made up of College employees, has ensured that transformation to a polytechnic university has stayed on track.

In summary, it has been a transformational year for the world, the NWT, and the College. As an institution we worked hard to meet the challenges before us. As a result, we are stronger as a team and as an institution and I am very proud of our response.

Andy Bevan
President

FACTS & FIGURES

STUDENTS

Number of Students by Campus

CAMPUS / YEAR	2019-20		2018-19		2017-18		2016-17	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Aurora	84	394	124	450	107	410	105	483
Thebacha	161	494	161	669	217	610	164	765
Yellowknife North Slave	224	471	201	404	203	442	174	488
TOTAL	469	1359	486	1523	527	1462	443	1736

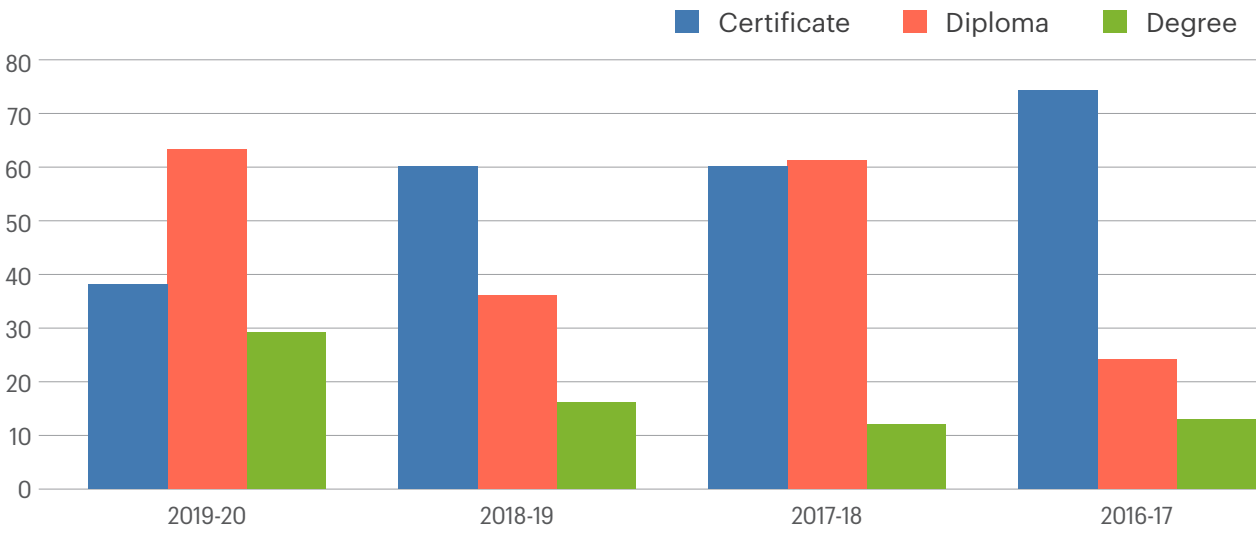
Full-Time Equivalent (FTE) Students by Campus

CAMPUS / YEAR	2019-20	2018-19	2017-18	2016-17
Aurora	107.1	189.5	166.9	183.9
Thebacha	209.1	275.4	300.7	310.7
Yellowknife North Slave	283.4	274.3	315.3	285.2
TOTAL	**599.6**	**739.2**	**782.9**	**779.8**

FTE Students by Program and Division

PROGRAM-DIVISION / YEAR	2019-20	2018-19	2017-18	2016-17
Continuing Education	35	79	56.4	54.8
Developmental Studies	240.2	287.2	332.8	342.9
Arts & Science	18	23.5	42	49.1
Business & Leadership	72.9	90.3	74.6	61.7
Education	43.2	56.4	42.7	64
Health & Human Services	131.6	124.7	160	148.2
Trades, Apprenticeships and Industrial Training	58.7	78.1	74.4	59.1
TOTAL	**599.6**	**739.2**	**782.9**	**779.8**

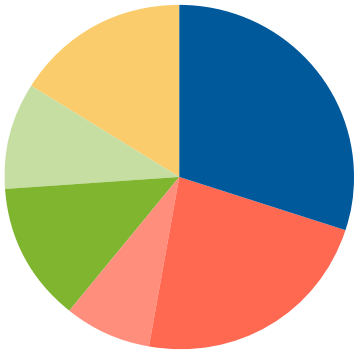
GRADUATES



RESEARCH

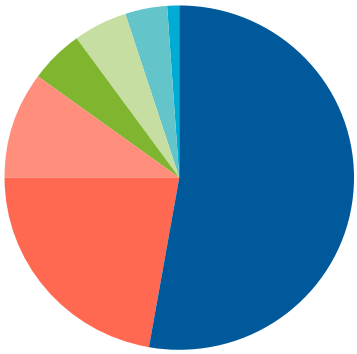
2019 Research Licences by NWT Region

Inuvialuit	30%
North Slave	23%
Deh Cho	8%
South Slave	13%
Sahtu	10%
Gwich'in	16%



2019 Research Licences by Research Category

Physical Science	53%
Social Sciences	22%
Health	10%
Contaminants	5%
Biology	5%
Engineering	4%
Traditional Knowledge	1%



COVID-19 RESPONSE

College life as we knew it changed in the spring of 2020 when the COVID-19 pandemic was declared.

When students departed for their reading week on March 13, we had no idea how the COVID-19 pandemic would alter the course of their education. In a matter of days the Aurora College team transitioned from classroom-based teaching and learning to a distance learning format for all of our full-time certificate, diploma and degree programs. Instructors and students rose to the challenge resulting in graduation rates similar to a non-pandemic year.

Here are some of the changes we made:

Programming and Student Supports

- The College team worked quickly to restructure and move the majority of our programs to online and distance learning. Instructors revamped curriculum, assignments and exams to accommodate the new format and support students.
- The College collaborated with Computers for Schools/Smart Communities Society in Yellowknife to provide computers to students who required them to complete their online studies.
- Instructors and the student services team found innovative ways to stay connected to students and support their academic, emotional, and physical wellbeing.

Response to Community Needs

- Some student housing at our Thebacha Campus was used to accommodate self-isolating travelers returning to the NWT.
- The residence building at our Aurora Campus was temporarily used to house Inuvik's Warming Centre, to assist with emergency isolation needs of the town's vulnerable population.
- The Centre for Mine and Industry Training building at Thebacha Campus was repurposed as a drive-through COVID-19 testing site for the Department of Health and Social Services.
- Bachelor of Science in Nursing medical equipment and supplies were inventoried and designated for health authorities if required.
- Students in the Bachelor of Science in Nursing, Practical Nursing, and Personal Support Worker programs participated in the COVID-19 response through their scheduled practicums, casual employment, or volunteer efforts.
- Several Aurora College employees were redeployed to other GNWT departments to support emergency services.

Arts, Crafts, and Technology Micro-manufacturing Centre Response

- Supported Inuvik Robotics & Engineering Club in the creation of face mask ear strain reliefs for use across the NWT.
- Worked with a local business to support the manufacturing of face shields that were approved by the CPHO for use by front-line medical workers.
- Continued to provide training and support to regional artists through virtual workshops in button-making and t-shirt design.

2019-20 HIGHLIGHTS

TRANSFORMING TO A POLYTECHNIC UNIVERSITY

Student Information System (SIS)

A new Student Information System (SIS) was launched in March this year - strengthening the foundation of the College by improving students' educational experience and providing data to inform decision-making as Aurora College transforms to a polytechnic university.

The new system, PowerCampus, allows students to access timely information about their own academic journey, and to manage more of their interactions with Aurora College including: applying for programs; selecting classes; checking marks; paying tuition and rent; and viewing their schedule.

The report generation function of the system will provide the College team with information throughout the various stages of the student lifecycle, to inform timely decision-making which, in turn, will improve the efficiency and effectiveness of the College and improve the student experience.

The timeliness of the launch provided students the ability 2019-20to manage these processes online throughout the COVID-19 pandemic.

SIS was a collaborative project with the Government of the Northwest Territories.

Working Groups Created

Members of the Aurora College team began to support and guide the transformation to a polytechnic university. Working groups were formed to work on transformation projects related to operations, academic program management, accountability, and recruitment and retention of students.

Equity, Diversity and Inclusion Strategy

Aurora College was one of 15 post-secondary institutions to receive a Natural Sciences and Engineering Research Council of Canada (NSERC) Equity, Diversity and Inclusion (EDI) Institutional Capacity-Building Grant. The grant is to research, develop, and implement an EDI plan for a polytechnic university and to plan, develop, and implement a new, updated Traditional Knowledge policy.

The project was scheduled to run January 2020 – March 2021 but has been extended to June 2021 because of delays related to COVID-19. The funding will be instrumental in Aurora College's transformation to a polytechnic university.

Strategic Plan Ground Work

A new 3-year strategic plan was underway this year to provide focus as we transform into a polytechnic university. The Aurora College team and students at all campuses and community learning centres are playing a central role in shaping the 3-year plan. The strategic plan set for release in the fall of 2020 was informed by engagements with several community leaders, businesses, industry organizations, non-governmental organizations, affiliated academic institutions and members of the public.

2019-20 HIGHLIGHTS
TEACHING & LEARNING

Certificate in Indigenous Language Revitalization Pilot

Two cohorts completed the Certificate in Indigenous Language Revitalization (CILR) pilot program in March 2020. The program provides a strong foundation of knowledge and the skills to develop strategies for local language revitalization initiatives that are culturally appropriate and responsive to the unique needs of each community.

Students came from a wide range of backgrounds including community-based language teachers, local government workers, cultural workers, and community members working or interested in language preservation and revitalization initiatives. Classes were designed for everyone from young adults to Elders; this inter-generational aspect added tremendous value for all.

Feedback has been overwhelmingly positive and interest is high for the CILR program to continue.

The Certificate in Indigenous Language Revitalization Pilot was a joint project with the Department of Education, Culture and Employment's Indigenous Languages & Education Secretariat, the University of Victoria, Continuing Studies, and the Department of Linguistics, En'owkin Centre.

Personal Support Worker Pilot Project

During the winter semester, a distance education pilot with Personal Support Worker courses was run in five communities. A total of 30 students consistently attended the distance courses at the participating Community Learning Centres. Interest remains high and several students in the pilot have applied to the full-time Personal Support Worker program.



CILR student, Stacey Sundberg (left) and Indigenous languages mentor, Alizette Lockhart (right)

Baby Friendly Initiative - A Canadian First

Aurora College is believed to be the first nursing school in Canada to formally incorporate UNICEF's and the World Health Organization's Baby Friendly initiative recommendations for breastfeeding and improved maternal health into a Bachelor of Science in Nursing (BSN) program. These graduates now receive special accreditation, increasing the number of employment opportunities at health care facilities. The certification ensures nurses can provide women from all walks of life the same information and messages about breastfeeding and maternal health.

Bachelor of Nursing Accreditation

The Bachelor of Science in Nursing program was re-accredited for five years by the Canadian Association of Schools of Nursing. The quality of graduates, as noted by stakeholders, and the satisfaction of graduates with the program were noted by the review team.



BSN simulation lab.

Nursing Simulation Lab Renovation

Renovations to the BSN's Learning Resource Centre (skills lab) were completed in the summer of 2019. Ten stations now have hospital beds/stretchers, equipped with simulation control supported by Laerdal SimMan computer software. A projection system into a separate room maximizes learning and debriefing with students.

Reconciliation in Education

Highlighted by keynote speaker Dr. Niigaanwewidam Sinclair, one of the leading voices in driving cross-Canadian conversation about manifesting reconciliation in educational spaces, two workshops were held for our Community & Extensions team on the theme of Indigenizing Education. The goal was to provide understanding of how to indigenize and decolonize adult education in the NWT.

Promoting Culture, Language and Heritage in Early Learning

The Early Learning and Child Care diploma program has a new on-the-land training program to promote professional development in outdoor play strategies based on northern culture. Students attended the Arctic Indigenous Wellness Centre monthly to participate in traditional Indigenous healing practices such as sharing circles, smudging, and on-the land learning. An Elder in Residence initiative includes monthly visits from local Elders to speak on topics related to early learning and child care.

Interns also attended Bushkids Camp where they participated in an on-the-land training program that teaches students to adapt outdoor play to indigenous ways of knowing.

2019-20 HIGHLIGHTS
RESEARCH

Permafrost Hub

The overall goals of the Permafrost Information Hub are to improve collaboration and information sharing between permafrost researchers and northern stakeholders, conduct northern relevant research projects, and increase capacity for permafrost research. Permafrost provides a foundation for northern ecosystems, infrastructure and communities. Permafrost conditions are inextricably linked to climate, so information on permafrost is increasingly critical for environmental monitoring and research, assessing effects of climate change and for planning and managing resilient infrastructure and communities.

Indigenous Mapping Workshops

Aurora Research Institute (ARI) – in partnership with the Inuvialuit Regional Corporation, the Gwich'in Tribal Council, The Firelight Group, ESRI Canada, Natural Resources Canada, and Google – hosted the 2019 Indigenous Mapping Workshop in Inuvik. Indigenous mapping is a practice where Indigenous communities own, control, access, and possess both the geographic information and mapping processes. It is rooted in Indigenous data sovereignty. The four-day workshop, held in Inuvik in October 2019, attracted more than 100 Western Arctic community members to provide innovative hands-on training, share best practices and apply geo-spatial tools that complement community-based monitoring activities. The workshop increased Northern capacity and empowered northern communities to inform evidence-based decision making.



Western Arctic Research Centre Permafrost Specialist, Alice Wilson, drills permafrost cores to gather data to support climate change research

Research by the Numbers

Aurora Research Institute facilities support researchers across the NWT. In 2019-20, Western Arctic Research Centre (WARC) provided 2,502 days of accommodation, 381 days of short-term facility use, and 426 days of long-term facility use. The WARC is a partner in the International Network for Terrestrial Monitoring in the Arctic (INTERACT), a circumpolar network of field site leaders who work cooperatively to improve environmental research and monitoring efforts at Arctic field stations.

Study to Reduce Deaths Due to Domestic Violence



Dr. Pertice Moffitt (left), Aurora Research Institute's Manager of Health Research Programs, is a co-investigator and Pan- Territorial Coordinator of the Canadian Domestic Homicide Prevention Initiative for Vulnerable Populations (www.cdhpi.ca).

This work is supported by the Status of Women Council of the NWT and the YWCA NWT. The study is focused on one or more of these four groups – Indigenous Peoples; immigrants and/or refugees; people living in rural, remote, and/or northern communities; and children exposed to domestic violence or parents/caregivers of children killed in the context of domestic violence.

To help reduce domestic homicides, researchers plan to interview 200 survivors of severe domestic violence, as well as family members and friends who have lost someone to domestic homicide between 2006 and 2016, for which there are no current or pending court or coroner investigations. The research team, funded by the Social Sciences and Humanities Research Council's (SSHRC) Partnership Development Grant program, is trying to reduce these deaths through research, broader public awareness, and professional training. This research study will offer a perspective on behalf of victims and survivors of domestic violence. The team is led by University of Guelph sociology professor Dr. Myrna Dawson and Western University education professor Dr. Peter Jaffe; the study has been approved by the University of Guelph and Western University Research Ethics Boards.

STEM Outreach

Western Arctic Research Centre (WARC) offered 135 science, technology, engineering and mathematics (STEM) outreach events, reaching more than 2,400 northern youth and residents in the Beaufort Delta. These included: 65 STEM outreach visits to school classes with 1,160 student participants; six teacher outreach events with 67 educator participants; dozens of one-on-one consultations regarding STEM instruction; 50 STEM outreach events for community groups and public events with 874 participants; 14 public research talks, with 18 researchers sharing their work and 154 participants; as well as dozens of research facility tours highlighting ARI's role in northern research with an estimated 150 participants.

South Slave Research Centre offered 26 STEM outreach events, reaching 566 northern youth and residents. These included nine STEM outreach visits to school classes across the South Slave with 151 student participants; seven teacher outreach events with 32 educator participants; several one-on-one and small group consultations regarding STEM instruction; 11 STEM outreach events for community groups and large public events with 218 participants; three public research talks with 63 participants at the events; and seven remote workshops delivered in both Fort Smith and Hay River reaching 124 youth, teachers and families.



Aurora College continues to support STEM outreach including programming, robotics, and electronics using mBots.

2019-20 HIGHLIGHTS

STUDENT SUCCESS

Hotìì Ts'eeda Studentship Awards

Edets'seèhdzà Studentships were awarded to third-year Aurora College Bachelor of Science in Nursing students Erica Abel and Marisa McArthur, both residents of Yellowknife. Each Edets'seèhdzà Studentship is a $20,000 stipend that supports a returning Aurora College student to be involved in health research during their studies.

The Edets'seèhdzà Studentship award is funded by Hotìì ts'eeda, and provided through a partnership between Hotìì ts'eeda and Aurora College/Aurora Research Institute. Hotìì ts'eeda is funded by the Canadian Institutes for Health Research (CIHR) and is a research support unit hosted by the Tłı̨chǫ Government. Edets'seèhdzà (eh-DEY-tsay-zah) means "stepping forward to challenge yourself" in the Tłı̨chǫ language.

The Edets'seèhdzà Studentship supports the two nursing students to be meaningfully involved in health and wellness research in the NWT. The studentships are intended to foster Northerners' skills as researchers and health professionals to contribute to NWT health research. The opportunity to engage in health-related research while pursuing studies provides Aurora College students a rich opportunity to anchor learning in Northern communities.

Abel is a proud member of the Yellowknives Dene First Nation (YKDFN) who plans "to aid those who require medical assistance, and to possess both sides of the modern and traditional teachings in healing" while maintaining her Northern roots. She says that it is important to work in the areas of "traditional teachings, demonstrating respect, and passing knowledge to the next generation."

McArthur has an appreciation for how "locally-driven Indigenous health research has the power to cultivate meaningful change in the communities in which we live." She has an interest in social epidemiology and believes strongly in the role people can play in facilitating meaningful change through health research in the NWT.

Both Abel and McArthur are working with Aurora Research Institute Manager of Health Research Programs Dr. Pertice Moffitt. Moffitt is part of a team that recently received funding from the Canadian Institutes of Health Research for the project "Welcoming the Sacred Spirit", a three-year collaborative project looking at Indigenous maternal health care in Canada.

Aurora College Student highlighted in Maclean's Colleges Guidebook



Victoria Wedzin (Pat Kane)

Victoria Wedzin

As Wedzin sees it, her journey to becoming a PSW began when, as an infant, she was adopted by a woman who was nearly 50. "She was the best mother I could have asked for," she says. "But as I got older, so did she." Wedzin, who grew up in Behchokǫ̀, a First Nations community about 110 km northwest of Yellowknife, lived with her mother and cared for her during the last years of her life. When she died in 2019, Wedzin felt lost. But she realized that she had years of experience in caregiving and moved to Yellowknife for the nearest training program. She worried that she wouldn't make it through the program: a close friend died early in Wedzin's studies. "I asked for guidance when I was struggling and asked for my mom's help," she says. She graduated this spring. She enjoys the little tasks that improve a person's quality of life. "It's things like helping them out of bed, or even when they want you to change the channel," she says. "They thank you over and over again...And they ask, 'When will you be back? When will you be working next?' "

https://www.macleans.ca/education/personal-care-workers-describe-what-led-them-to-their-jobs/



Blake Gardebois

A Student's Journey— From Fort Good Hope to Kenya

Encouraging learners to ladder their educational journeys – building upon each success – has been a hallmark of Aurora College since its inception. Alumnus Blake Gardebois of Fort Good Hope is a shining example of the value of this approach. Gardebois is a motivated, determined learner and with supports offered by the Aurora College team was ready for success. One of his instructors says that "as a learner, Blake is a teacher's dream".

Gardebois began his Aurora College journey at the Community Learning Centre in Fort Good Hope, where he took Adult Literacy and Basic Education (ALBE) courses. With encouragement from the Community Adult Educator he gained the prerequisites for the Occupations and College Access Program (OCAP) at our Thebacha Campus.

Moving from Fort Good Hope (pop. 500) to Fort Smith (pop. 2,500) was a new challenge and during his second year on campus, Gardebois found his stride academically.

Gardebois was chosen from a national competition to participate in a four-month internship program in Kenya, Africa. As a participant in the International Aboriginal Youth Internships (IAYI) program he assisted with programs related to clean water and environmental conservation, as well as community sustainability.

Now back in Canada, Gardebois continues on his educational journey, and is set to complete his Office Administration Diploma in April 2021.

Jane Glassco Fellowship Recipients

Two Aurora College students/alumni were named to the list of 2019-20 Jane Glassco Northern Fellowships. Ashely Okrainec and Alyssa Carpenter were recognized. The fellowships link young northerners with support to build their own futures and amplify their voices on public policy issues.

2019-20 HIGHLIGHTS
PARTNERSHIPS

Programming partnerships with Indigenous Governments

Aurora College works closely with various Indigenous governments, communities, and organizations to deliver programming in response to local and regional needs.

- In the spring of 2020, three students completed Practical Nursing Diplomas at Aurora Campus in Inuvik, offered in partnership with the Inuvialuit Regional Corporation (IRC).
- The Tłı̨chǫ Government and Aurora College collaborated to deliver the Camp Cook program for Tłı̨chǫ residents in the fall of 2019.

Northern Leadership Development Program (NLDP)

2019-20 saw the largest NLDP cohort since the program began in 2011, with 24 participants. Employers involved included Dominion Diamond Mines, Diavik Diamond Mines, DeBeers Group, Deton'Cho Corporation, Yellowknives Dene First Nation and the Tłı̨chǫ Government. COVID-19 interrupted the program and the remaining modules will be delivered by distance in fall 2020.

Grants to aid climate change and wind power research

Two grants were received in 2019-20 supporting the use of light detection and ranging (LiDAR) technology. The first was an Applied Research Tools and Instruments grant worth $150,000 through the Natural Sciences and Engineering Research Council of Canada's (NSERC) College and Community Innovation Program. The grant supports the purchase of research equipment for the Application of UAV LiDAR Systems to the Monitoring and Mapping of the Effects of Climate-Driven Changes on Western Arctic Communities project. Equipment purchased included an unmanned aerial vehicle (UAV) and a LiDAR system to support the investigation, mapping, recording and monitoring of the effects of climate-driven changes on northern communities. Used together, the UAV and LiDAR system is a geomatics tool that has multiple applications, including the production of high-resolution 3D maps of urban and remote areas, measuring snow depth, monitoring permafrost thaw, measuring ice thickness, and monitoring ice road maintenance.

The second grant was $170,375 through the Canada Foundation for Innovation's College-Industry Innovation Fund, to conduct research using a LiDAR wind monitoring unit. LiDAR technology is ideal for use in remote locations as it is mobile and can be deployed more quickly and at less cost than traditional wind towers that are used in wind assessment studies. These investments will help further understanding of the benefits of using LiDAR technology in remote and northern conditions.

2019-20 HIGHLIGHTS

AURORA COLLEGE TEAM



Erika Hille

Polar Northern Resident Scholarship

Erika Hille, left, special projects coordinator and librarian at Aurora Research Institute, was awarded a POLAR Northern Resident Scholarship by the Association of Canadian Universities of Northern Studies (ACUNS) for her PhD research project, entitled "The geochemical responses of Arctic freshwater systems to regional variability in permafrost thaw across the Canadian Arctic". Scholarship recipients must demonstrate the benefits of their proposed research, considerable commitment to the North and northern studies, and community outreach in combination with a strong academic record, written application, and references.



Dr. Kathie Pender, left, Dr. Kerry Lynn Durnford, right, at Western University

Advanced Degree and Post-graduate Credentials

Professional development is a key component of any post-secondary institution. The following members of the Aurora College team recently earned advanced degrees and credentials:

Dr. Sheila Cruz, Instructor, BSN: Doctorate of Nursing Practice, Loma Linda University

Dr. Kerry Lynn Durnford, Senior Instructor, BSN: Doctorate of Educational Leadership, Western University

Dr. Betty Ann Marriott, Instructor, BSN: Master of Nursing-Nurse Practitioner, Athabasca University

Dr. Kathie Pender, Instructor, BSN: Doctorate of Educational Leadership, Western University

Gloria Bott, Instructor, BSN: National certification as Nurse Educator, Canadian Association of Schools of Nursing.

Bev Hussey, Developmental Studies Instructor: Master of Science in Biology, University of New Brunswick

Tammy Soanes-White, Instructor, Business Administration: Master of Business Administration, University of Alberta

Jessica Dell, Developmental Studies Instructor: Adult and Community Education Certificate, University of Calgary

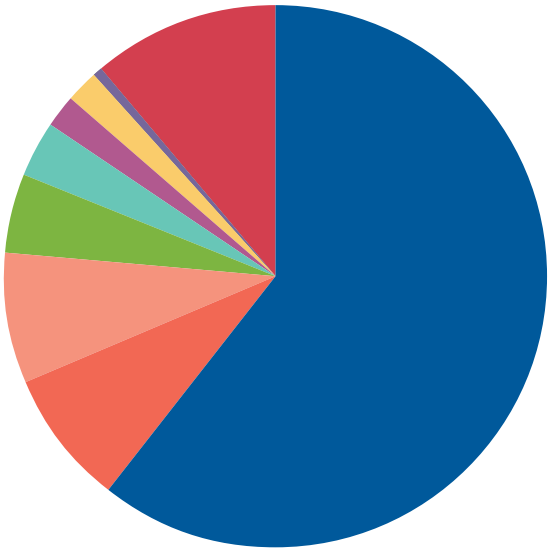
Melanie Adams, Librarian/Student Success Coordinator: Library and Information Technician Diploma, Mohawk College.

2019-20 HIGHLIGHTS

FINANCES AT A GLANCE

REVENUE

Government base	60.7%
Other GNWT	8.2%
Government of Canada	7.9%
Other 3rd party	4.6%
Tuition fees	3.3%
Room and board	2.0%
Recoveries and other	1.9%
Interest income	0.7%
Services provided without charge	10.8%



EXPENDITURES

Financial and accounting services	3.7%
Pooled services	14.2%
Student services	21.3%
Education and Training	32.4%
Community and Extensions	19.2%
Aurora Research Institute	9.2%



AURORA COLLEGE

AUDITED FINANCIAL STATEMENTS

AS OF JUNE 30, 2020

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.



Andy Bevan
President



Celestine Starling
Director of Finance/Chief Financial Officer

Fort Smith, Canada
November 26, 2020



Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

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 2020, 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 2020, 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.



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

Vancouver, Canada
26 November 2020

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2020
(in thousands of dollars)

	2020	2019
Financial assets		
Cash	$ 22,702	$ 19,061
Accounts receivable (Note 3)	1,940	2,528
	24,642	**21,589**
Liabilities		
Accounts payable and accrued liabilities	1,329	1,883
Payroll liabilities	2,084	2,114
Deferred revenue	1,748	1,996
Due to the Government of the Northwest Territories (Note 9)	6,129	3,106
Employee future benefits (Note 4)	1,505	1,602
Professional development fund (Note 5)	2,344	2,209
	15,139	**12,910**
Net financial assets	**9,503**	**8,679**
Non-financial assets		
Prepaid expenses	365	380
Tangible capital assets (Note 6)	6,268	6,232
	6,633	**6,612**
Accumulated surplus (Note 7)	**$ 16,136**	**$ 15,291**

Commitments 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, 2020
(in thousands of dollars)

	2020		2019
	Budget	**Actual**	**Actual**
Revenues			
Government contributions (Note 8)	$31,999	$31,999	$31,618
Project income			
Government of the Northwest Territories	4,328	4,316	4,373
Government of Canada	3,454	4,153	2,491
Other third party contributions	3,969	2,408	2,479
Own source revenues			
Tuition fees	1,428	1,723	2,070
Room and board	1,161	1,067	1,306
Recoveries and other	411	993	972
Interest income	95	382	397
Services provided without charge (Note 10)	5,907	5,701	5,992
	52,752	52,742	51,698
Expenses			
Financial and accounting services	2,131	1,916	1,938
Pooled services	7,767	7,361	6,130
Student services	10,282	11,042	10,914
Education and training	19,795	16,826	17,508
Community and extensions	11,150	9,954	9,880
Aurora Research Institute	4,527	4,798	3,525
	55,652	51,897	49,895
Annual surplus (deficit)	**(2,900)**	**845**	**1,803**
Accumulated surplus at beginning of year	15,291	15,291	13,488
Accumulated surplus at end of year	**$12,391**	**$16,136**	**$15,291**

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, 2020
(in thousands of dollars)

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (deficit)	$(2,900)	$ 845	$ 1,803
Acquisition of tangible capital assets	-	(1,297)	(2,172)
Amortization of tangible capital assets	463	1,261	983
	463	(36)	(1,189)
(Increase) decrease in prepaid expenses	-	15	(50)
Increase in net financial assets	173	824	564
Net financial assets at beginning of year	8,679	8,679	8,115
Net financial assets at end of year	**$ 8,852**	**$ 9,503**	**$ 8,679**

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, 2020
(in thousands of dollars)

	2020	2019
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$37,083	$35,751
Students and other third parties	6,376	6,942
Government of Canada	3,541	3,369
Interest	382	397
Cash paid for/to:		
Compensation and benefits	(29,050)	(27,973)
Suppliers	(13,518)	(13,293)
Cash provided by operating transactions	**4,814**	**5,193**
Capital transactions		
Acquisition of tangible capital assets	(1,173)	(2,172)
Cash used for capital transactions	**(1,173)**	**(2,172)**
Increase in cash	**3,641**	**3,021**
Cash at beginning of year	19,061	16,040
Cash at end of year	**$22,702**	**$19,061**

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

Aurora College
Notes to the Financial Statements
June 30, 2020

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Measurement uncertainty (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Employee future benefits (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Related party transactions (continued)

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

	2020 (in thousands)			2019
	Accounts Receivable	Allowance	Net	Net
Government of the Northwest Territories	$ 562	$ 0	$ 562	$ 1,318
Government of Canada	691	0	691	449
Other	642	145	497	720
Students	292	102	190	41
	$ 2,187	$ 247	$ 1,940	$ 2,528

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 (2019 - $1.01) for every dollar contributed by the employee, and $3.80 (2019 - $3.79) for every dollar contributed by the employee for the portion of the employee's salary above $173,000 (2019 - $169,000).

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

4. EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

are participating in the Plan on or after January 1, 2013, the College contributes $1.00 (2019 - $1.00) for every dollar contributed by the employee, and $3.80 (2019 - $3.79) for every dollar contributed by the employee for the portion of the employee's salary above $173,000 (2019 - $169,000).

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

	2020	2019
	(in thousands)	
College's contributions	$ 2,135	$ 2,099
Employees' contributions	2,120	2,088
	$ 4,255	$ 4,187

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.

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. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

4. EMPLOYEE FUTURE BENEFITS (continued)

b) Severance, removal and compensated absences (continued)

Valuation results

The actuarial valuation was completed as at February 15, 2019. The results were extrapolated to June 30, 2020. 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, 2020. 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	2020	2019
			(in thousands)	
Accrued benefit liability, beginning of year	$1,134	$380	$1,514	$1,459
Current period benefit cost	48	37	85	102
Interest accrued	36	12	48	54
Benefits payments	(207)	(3)	(210)	(118)
Actuarial (gains)/losses	7	(45)	(38)	17
Accrued benefit liability, end of year	1,018	381	1,399	1,514
Unamortized net actuarial losses	84	22	106	88
Accrued benefit obligation	**$1,102**	**$403**	**$1,505**	**$1,602**

	Severance and Removal	Compensated Absences	2020	2019
			(in thousands)	
Benefits Expense				
Current period benefit cost	$48	$37	$85	$102
Interest accrued	36	13	49	54
Amortization of net actuarial gain (loss)	(25)	5	(20)	(22)
Total	**$59**	**$55**	**$114**	**$134**

4. EMPLOYEE FUTURE BENEFITS (continued)

b) Severance, removal and compensated absences (continued)

Assumptions

	June 30, 2020	June 30, 2019
Discount rate	2.7% per annum	3.2% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate (removal benefits)	Nil	Nil

The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
		(in thousands)	
2021	$122	$38	$160
2022	110	37	147
2023	110	40	150
2024	92	39	131
2025	95	40	135
Total	**$529**	**$194**	**$723**

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.

	2020	2019
	(in thousands)	
Professional development fund, beginning of year	$ 2,209	$ 2,072
Contributions	515	395
Professional development paid during the year	(380)	(258)
Professional development fund, end of year	$ 2,344	$ 2,209

6. TANGIBLE CAPITAL ASSETS

June 30, 2020 (in thousands)	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2020 Total	2019 Total
Cost						
Opening balance	$ 5,926	$ 1,991	$ 8,170	$ 2,009	$18,096	$16,775
Additions	26	-	1,213	58	1,297	2,172
Disposals	(102)	-	(946)	(335)	(1,383)	(852)
Closing balance	5,850	1,991	8,437	1,732	18,010	18,095
Accumulated amortization						
Opening balance	3,439	1,991	4,999	1,434	11,863	11,732
Amortization	314	-	819	128	1,261	983
Disposals	(102)	-	(945)	(335)	(1,382)	(852)
Closing balance	3,651	1,991	4,873	1,227	11,742	11,863
Net book value	**$ 2,199**	**$ 0**	**$ 3,564**	**$ 505**	**$ 6,268**	**$ 6,232**

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, 2019	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2020
a) Northern strategic research reserve	625	-	-	-	625
b) Program delivery	300	-	-	-	300
c) Research & development	181	-	97		278
d) Restricted donations	35	-	-	-	35
Total reserves	1,141	-	97	-	1,238
Operating surplus (deficit)	14,150	845	(97)	-	14,898
Total accumulated surplus	$ 15,291	$ 845	$ -	$ -	$ 16,136

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.

7. ACCUMULATED SURPLUS (continued)

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

	2020	2019
	(in thousands)	
Operating contributions	$31,999	$31,318
Capital contributions	-	300
	$31,999	$31,618

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.

9. RELATED PARTIES (continued)

	2020	2019
	(in thousands)	
Due from the Government of the Northwest Territories (Note 3)	$ 562	$ 1,318
Due to the Government of the Northwest Territories		
Liability for payroll services provided	$ 5,786	$ 2,995
Other & Repayable program advances	$ 343	$ 111
Total amount due to GNWT	$ 6,129	$ 3,106

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 $31,771,000 during 2020 (2019 - $29,285,000) 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 $831,000 (2019 – $801,000) for facility operating and utility costs, employee benefits and other expenses, 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 $2,383,000 (2019 – $2,352,000) and repairs and maintenance $1,440,000 (2019 – $1,493,000), 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. These services would have cost the College an estimated $162,000 (2019 – $172,000) based on the carrying amount confirmed by the related parties.

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 use of these facilities would have cost the College an estimated

10. SERVICES PROVIDED WITHOUT CHARGE (continued)

$1,716,000 (2019 – $1,975,000) 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.

	2020	2019
	(in thousands)	
Contract services	$ 162	$ 172
Repairs and maintenance	1,440	1,493
Building utilities	2,383	2,352
Building leases	1,716	1,975
	$ 5,701	$ 5,992

11. COMMITMENTS

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 basic payments as follows:

	Service agreements	Operating leases
	(in thousands)	
2021	$ 385	$ 3,256
2022	92	2,515
2023	87	405
2024	52	-
Thereafter	3	-
	$ 619	$ 6,176

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, 2020:

12. CONTRACTUAL RIGHTS (continued)

Funding Partner	2020-2021	2021-2024	Total
	(in thousands)		
Government of the Northwest Territories	$2,973	$226	$3,199
Government of Canada	2,282	852	3,144
Other	1,889	873	2,762
	$7,144	**$1,951**	**$9,095**

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 $22,702,000 (2019 - $19,061,000).

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, 2020, the College's debtors are the Government of the Northwest Territories, the federal government, students, and others.

13. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk (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 $1,940,000 (2019 - $2,528,000).

At June 30, 2020 the student accounts receivable amounts past due but not impaired are: 91-365 days $78,000; 1 to 2 years $24,000; and over 2 years $100,000.

These amounts for the Government and for other parties are shown below.

	91-365 days	1 to 2 years	over 2 years
Government of the Northwest Territories	$230,000	$4,000	$-
Other third parties	463,000	26,000	40,000
Federal Government	442,000	6,000	4,000
	$1,135,000	$36,000	$44,000

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.

15. SEGMENT 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.

15. SEGMENT DISCLOSURE (continued)

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.

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

On March 11, 2020, the World Health Organization declared the coronavirus disease 2019 ("COVID-19") a global pandemic. On March 22, 2020, the Government of the Northwest Territories declared a public health emergency in response to the pandemic.

The operations of the College have been impacted by COVID-19. There was a temporary stop to in-class education programs and a movement to online course offerings. There is no material impact to the amounts recognized in the 2020 financial statements as a result of COVID-19.

The duration and extent of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the severity and length of COVID-19 will have on the operations, financial results and condition of the College in future periods. The College continues to assess and monitor the impact of the pandemic on its future financial statements.

Aurora College
Segmented disclosures
June 30, 2020

Schedule A

For the period ended June 30, 2020 (in thousands)	Financial and accounting	Pooled services **	Student services	Education and training	Community and extensions	Aurora Research Institute	2020 Total	2020 Budget	2019 Total
Revenues									
Government Contributions	$ 2,036	$ 2,863	$ 8,990	$9,952	$ 5,941	$ 2,217	$ 31,999	$ 31,999	$ 31,618
Project income									
Government of the Northwest Territories	-	-	91	1,786	2,165	274	4,316	4,328	4,373
Other third party contributions	2	-	7	1,584	197	618	2,408	3,969	2,479
Federal government	-	-	-	29	1,856	2,268	4,153	3,454	2,491
Own Source Revenue									
Tuition fees		-	48	1,028	645	2	1,723	1,428	2,070
Recoveries and other	75	179	289	203	15	232	993	411	972
Room and board	-	-	990	-	-	77	1,067	1,161	1,306
Interest income	382	-	-	-	-	-	382	95	397
Services Provided without Charge	-	1,602	-	4,099	-	-	5,701	5,907	5,992
	2,495	4,644	10,415	18,681	10,819	5,688	52,742	52,752	51,698
Expenses									
Compensation and benefits	1,735	3,263	4,942	10,801	7,785	3,245	31,771	33,744	29,285
Building leases	-	10	4,994	1,716	34	-	6,754	6,615	7,050
Materials and supplies	15	281	165	606	271	230	1,568	2,331	2,012
Utilities	-	-	102	2,417	3	12	2,534	2,566	2,536
Contract services	10	318	251	53	974	805	2,411	2,737	1,931
Repairs and maintenance	11	1,440	205	225	80	23	1,984	1,751	2,121
Small equipment	8	5	19	57	31	38	158	182	271
Fees and payments	91	609	28	239	46	56	1,069	1,288	1,089
Travel and accommodation	33	82	21	389	215	214	954	1,610	996
Professional services	-	1	2	114	438	1	556	1,677	670
Amortization of tangible capital assets	-	1,261	-	-	-	-	1,261	463	983
Communication, postage and freight	13	91	313	209	77	174	877	688	951
	1,916	7,361	11,042	16,826	9,954	4,798	51,897	55,652	49,895
Annual surplus (deficit)	$ 579	$ (2,717)	$ (627)	$ 1,855	$ 865	$ 890	$ 845	$ (2,900)	$ 1,803

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

APPENDIX A
UNAUDITED WRITE-OFFS

A total of $1,263.22 has been approved to be written off in 2019-20. This figure includes seven-year write-offs, write-offs of debts less than $30, credits less than $10 and write-offs for customers who filed for bankruptcy.

Balance exceeds seven years		
Customer Name	**Accounting Date**	**Amount**
Look, Jamie	03/17/2014	231.00
Naval Research Laboratory	06/30/2014	299.10
R & M Propane Service Ltd.	06/30/2014	40.95
Wegernoski, Susie	11/29/2013	430.00
Lennie, Alden Joseph	10/10/2013	178.84
Total		**$ 1,179.89**

Credit balance under $30		
Customer Name	**Accounting Date**	**Amount**
Horassi, Kellie	01/07/2020	-1.25
Hysert, Brent	10/16/2019	-29.84
Jacobson, Deanna Marie	01/28/2020	-10.00
Kangegana, Rebecca	11/29/2019	-1.25
Launinger, Carla	02/21/2020	-1.57
Leguerrier, Micaella	01/06/2020	-0.20
Manuel, Tyler	03/09/2020	-22.30
Watier, Mary	02/19/2020	-10.50
Total		**$ -76.91**

Balance under $30		
Customer Name	**Accounting Date**	**Amount**
Colorado State University	09/30/2019	0.10
Environment & Natural Resources – YK	11/26/2019	0.01
Gwich'in Tribal Council	12/31/2019	0.01
Rabesca, Josephine	5/23/2019	25.00
University of Edinburgh	6/24/2019	15.00
University of Edinburgh	10/01/2018	15.00
Charlton, Colton	01/06/2020	17.58
Cochrane-Macdonald, Mary E	07/23/2019	28.32
Conley, Billie-Jean	01/29/2020	12.00
Daniels, Theoron	01/06/2020	17.62
Frise, William	03/12/2020	0.65
Mcneely, Shane	03/09/2020	3.95
Vital, Joy	03/04/2020	25.00
Total		**160.24**
Grand Total		**$1,263.22**

This page intentionally left blank

COLLÈGE
AURORA
COLLEGE

ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2021

TABLE OF CONTENTS

	Page
Management's Responsibility for Reporting	
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3 - 4
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 17
Schedule I - Schedule of Deferred Revenue	18
Schedule II - Schedule of Core Funding and Energy Programs	19-22

ARCTIC ENERGY ALLIANCE

Tel: 867-920-3333
Toll Free: 1-877-755-5855
Fax: 867-873-0303
E-Mail: info@aea.nt.ca
Website: www.aea.nt.ca
101-5102 51st Street
Yellowknife NT X1A 1S7

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 control 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 provide 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 15, 2021

AVERY COOPER & CO. LTD.
Chartered Professional Accountants

4918—50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
www.averycooper.com

Telephone: (867) 873-3441
Facsimile: (867) 873-2353
Toll-Free: 1-800-661-0787

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, 2021, 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, 2021, and its results of 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.

Emphasis of Matter
Without modifying our opinion, we draw attention to note 11 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 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:

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

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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate 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.

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 15, 2021

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION
March 31, 2021

ASSETS

	2021	2020
CURRENT		
Cash	$ 998,417	$ 393,022
Short term investments (note 3)	90,011	734,903
Accounts receivable (note 4)	767,750	664,456
Government remittances receivable (note 6)	17,356	50,811
	1,873,534	1,843,192
TANGIBLE CAPITAL ASSETS (note 5)	33,861	33,850
	$ 1,907,395	$ 1,877,042

LIABILITIES

CURRENT		
Wages and benefits payable	$ 51,882	$ 30,660
Government remittances payable (note 6)	90,353	76,217
Trade payables and accruals (note 7)	133,557	218,453
Contributions payable	105,523	65,523
Deferred revenue (note 8)	50,000	172,670
	431,315	563,523
DEFERRED GOVERNMENT ASSISTANCE (note 10)	15,546	19,223
	446,861	582,746
CONTINGENT LIABILITIES (note 11)		

NET ASSETS

ACCUMULATED SURPLUS per page 3	464,261	402,629
RESERVES per page 3	985,958	885,040
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	10,315	6,627
	1,460,534	1,294,296
	$ 1,907,395	$ 1,877,042

Approved:

Director

Director

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS
For the year ended March 31, 2021

	(note 16) 2021 Budget	2021 Actual	2020 Actual
REVENUES			
Contributions from GNWT	$ 6,319,455	$ 4,924,216	$ 4,979,981
Membership fees (note 13)	217,500	227,500	217,500
Contributions from Canada	195,000	138,000	-
Other source income	77,200	80,091	97,556
Interest income	20,000	10,988	51,984
	6,829,155	5,380,795	5,347,021
EXPENSES			
Advertising and promotion	123,880	166,337	72,720
Amortization	3,978	5,981	8,434
Bad debts	-	86,969	-
Consulting fees	286,250	117,378	116,915
Equipment rental	5,280	3,279	3,279
Facility rental and tradeshow fees	36,750	8,599	9,341
Fees and dues	10,120	15,313	10,434
Hospitality	42,415	8,874	13,758
Insurance	13,000	12,949	13,043
Interest and bank charges	5,500	7,175	4,814
Office and general	75,890	62,854	71,965
Professional development	63,798	6,204	22,613
Professional fees	34,000	32,061	31,082
Rebates	2,667,836	1,800,771	1,915,582
Rent and utilities	178,450	166,410	174,656
Telephone, Internet and Website	40,400	46,591	42,774
Travel and accommodation	316,650	113,097	220,949
Wages and benefits	2,446,249	2,553,715	2,305,495
	6,350,446	5,214,557	5,037,854
EXCESS OF REVENUES OVER EXPENSES	$ 478,709	$ 166,238	$ 309,167

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2021

	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 20)	(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	$ 464,261	$ 985,958	$ 10,315	$ 1,460,534

	2020			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 99,448	$ 877,283	$ 8,398	$ 985,129
Excess of revenues over expenses	309,167	-	-	309,167
Transfer to reserves (note 20)	(7,757)	7,757	-	-
Purchase of tangible capital assets	(14,854)	-	14,854	-
Amortization of tangible capital assets	6,268	-	(6,268)	-
Write-off of tangible capital assets	2,166	-	(2,166)	-
Write-off of deferred government assistance	(1,500)	-	1,500	-
Deferred government assistance additions	14,853	-	(14,853)	-
Amortization of deferred government assistance	(5,162)	-	5,162	-
BALANCE, closing	$ 402,629	$ 885,040	$ 6,627	$ 1,294,296

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES (note 20)		
Cash received from:		
GNWT contributions	$ 4,670,751	$ 5,025,804
Other source income	234,714	141,121
Membership fees	172,500	167,500
Canada contributions	89,274	105,175
Interest income	22,207	47,412
	5,189,446	5,487,012
Cash paid for:		
Wages and benefits	2,518,357	2,311,152
Materials and services	2,706,303	2,763,162
Contributions repaid	-	987,100
	5,224,660	6,061,414
	(35,214)	(574,402)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,993)	(14,854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	646,613	4,758,804
Purchase of short term investments	(11)	(4,000,000)
	646,602	758,804
INCREASE IN CASH	605,395	169,548
CASH, opening	393,022	223,474
CASH, closing	$ 998,417	$ 393,022

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 $5,000 or more to be tangible capital assets.

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.

3. SHORT TERM INVESTMENTS

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

	2021	2020
0.50% interest, non-redeemable, matures January 24, 2022	$ 90,000	$ -
Accrued interest	11	11,230
2.10% interest, redeemable, matured June 15, 2020	-	633,673
2.08% interest, matured March 9, 2021	-	90,000
	$ 90,011	$ 734,903

4. ACCOUNTS RECEIVABLE

	2021	2020
Contributions receivable:		
Government of the Northwest Territories	$ 459,002	$ 291,701
Government of Canada	48,726	-
Total contributions receivable	507,728	291,701
Members	230,000	175,000
Other	116,991	197,755
Allowance for doubtful accounts	(86,969)	-
	$ 767,750	$ 664,456

5. TANGIBLE CAPITAL ASSETS

			2021	2020
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 36,010	$ 36,010	$ -	$ -
Computer software	26,224	18,797	7,427	10,398
Heating equipment	36,242	14,602	21,640	23,452
Leasehold improvements	27,396	27,396	-	-
Office equipment	48,452	43,658	4,794	-
	$ 174,324	$ 140,463	$ 33,861	$ 33,850

5. TANGIBLE CAPITAL ASSETS, continued

During the year, the Society wrote off computer software relating to EEIP database with a net book value of $nil (2020 - $2,166). The resulting loss of $nil (2020 - $2,166) is included in the amortization expense in the Statement of Operations.

Net assets invested in tangible capital assets as at March 31, 2021, are as follows:

	2021	2020
Tangible capital assets	$ 33,861	$ 33,850
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(15,546)	(19,223)
Net assets invested in tangible capital assets per page 3	$ 10,315	$ 6,627

6. GOVERNMENT REMITTANCES

	2021	2020
Goods & Services Tax rebates receivable	$ 17,356	$ 50,811

	2021	2020
Payroll remittances payable	$ 78,646	$ 65,365
Related parties:		
Workers' Safety and Compensation Commission payable	5,472	5,472
GNWT Finance - NWT Payroll Tax payable	6,235	5,380
	$ 90,353	$ 76,217

7. TRADE PAYABLES AND ACCRUALS

	2021	2020
Accrued liabilities:		
Pellet boiler asset retirement obligation	$ 8,000	$ 8,000
Other	42,466	38,865
	-	-
	50,466	46,865
Trade payables	83,091	171,588
	$ 133,557	$ 218,453

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.

	2021	2020
Restricted contributions balance, opening	$ 122,670	$ -
Receipts	4,421,000	4,810,950
Funding receivable	420,547	291,701
Transfer to funding repayable	(40,000)	-
Funding expended	(4,924,217)	(4,979,981)
Restricted contributions balance, closing	-	122,670
Membership fees received in advance: GNWT-ENR	50,000	50,000
Total deferred revenue, closing	$ 50,000	$ 172,670

9. PROVISION FOR REBATES

Under the Energy Efficiency Incentive Program (EEIP) with the GNWT, the Society assists homeowners and consumers in the purchase of new, more efficient models of products used every day to help reduce their energy costs and greenhouse gas emissions.

In accordance with the program guidelines, rebates are issued where qualifying products are applied for within the required time frame of purchasing eligible products and have been approved by the Society. Rebates are available as long as funds allocated by the Legislative Assembly of the Northwest Territories remain available for the program during the year.

In 2019, the Society changed the guidelines for rebates whereby rebate applications received after year-end pertaining to qualifying products purchased in the prior year, are recorded in the year received. Previously, the Society provided for unreported rebates by using best estimates based on previous past purchases history. There are no provisions for rebates in the current and prior years.

10. DEFERRED GOVERNMENT ASSISTANCE

	2021			2020
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	$ 14,121	$ 6,002	$ 8,119	$ 8,826
GNWT-ENR - Energy Efficiency Incentive Program: Database	14,853	7,426	7,427	10,397
	$ 28,974	$ 13,428	$ 15,546	$ 19,223

11. CONTINGENT LIABILITIES

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 Society 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 Society's activities have not been significantly impacted thus far; however, the Society continues to assess the impact COVID-19 will have on its operations.

12. RESERVES

During the year, Arctic Energy Alliance transferred $100,918 (2020 - $7,757) from unrestricted net assets to meet its capital management objectives as described in Note 19. The reserves at March 31, 2021, of $985,958 (2020 - $885,040) 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:

	2021 Budget	2021 Actual	2020 Actual
Excess of revenues over expenses per page 2	$ 478,709	$ 166,238	$ 309,167
	-	-	-
Amortization of tangible capital assets	3,978	5,981	6,268
Purchase of tangible capital assets	-	(5,993)	(14,854)
Write-off of tangible capital assets	-	-	2,166
Amortization - deferred government assistance	-	(3,676)	(5,162)
Write-off of deferred government assistance	-	-	(1,500)
Deferred government assistance additions	-	-	14,853
Increase (decrease) in net financial assets	482,687	162,550	310,938
Net financial assets, opening	1,279,669	1,279,669	968,731
Net financial assets, closing (note 20)	$ 1,762,356	$ 1,442,219	$ 1,279,669

13. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2021	2020
Government of the Northwest Territories	$ 150,000	$ 150,000
GNWT - Crown Corporations	67,500	62,500
Other	10,000	5,000
	$ 227,500	$ 217,500

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

	2021	2020
GNWT:		
Department of Environment and Natural Resources	$ 50,000	$ 50,000
Department of Infrastructure	50,000	50,000
Department of Municipal and Community Affairs	50,000	50,000
	150,000	150,000
GNWT - Crown Corporations:		
Northwest Territories Housing Corporation	50,000	50,000
Northwest Territories Power Corporation	5,000	-
Public Utilities Board of the Northwest Territories	12,500	12,500
	67,500	62,500
	$ 217,500	$ 212,500

14. 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 2021-22 core and program funding for a maximum of $2,740,000 of which $2,500,000 is received.

15. TRUSTS UNDER ADMINISTRATION

At March 31, 2021, the Society holds $14,343 (2020 - $38,316) 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.

16. BUDGET

The 2021 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 June 23, 2020.

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.

17. 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.

18. COMMITMENTS

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

	Office Space	Office Equipment	Total
2022	$ 50,365	$ 3,200	$ 53,565
2023	13,951	3,200	17,151
2024	-	3,200	3,200
2025	-	3,200	3,200
2026	-	1,600	1,600
	$ 64,316	$ 14,400	$ 78,716

18. COMMITMENTS, continued

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 the office space in Yellowknife was renewed for one year from March 1, 2021 to February 28, 2022. Base rent is $64,800 plus GST per annum, in monthly installments of $5,400 plus GST each, payable in advance on the first day of each and every month. The lease carries an extension of term option for one year from March 1, 2022 to February 28, 2023.

During the year, included in other source income revenue are in-kind contributions with a total fair value of $11,975 (2020- $nil). 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 $6,375 (2020 - $nil), and facility rental of $5,600 (2020 - $nil).

19. CONTRACTUAL RIGHTS

During the year, 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
2021-2022	$ 264,000
2022-2023	311,000
2023-2024	27,000
	$ 602,000

20. 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, 2021, the Society has not met its objectives of having sufficient liquid resources to meet its current obligations. The Society's net financial assets at March 31, 2021, are as follows:

	2021	2020
Accumulated surplus	$ 464,261	$ 402,629
Reserves	985,958	885,040
Invested in tangible capital assets	10,314	6,627
Net assets per page 3	1,460,533	1,294,296
Tangible capital assets	33,860	33,850
Deferred government assistance	(15,546)	(19,223)
	18,314	14,627
Net financial assets (note 12)	$ 1,442,219	$ 1,279,669

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.

20. CAPITAL MANAGEMENT, continued

	Opening Balance	Transfers	Closing Balance
Operating Reserve	$ 725,040	$ 100,918	$ 825,958
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	70,000	-	70,000
	$ 885,040	$ 100,918	$ 985,958

21. 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:

	2021	2020
Excess of revenues over expenses per page 2	$ 166,238	$ 309,167
Items not affecting cash:		
Amortization of tangible capital assets	5,981	6,268
Amortization of deferred government assistance	(3,676)	(5,162)
Write-off of tangible capital assets	-	2,166
Write-off of deferred government assistance	-	(1,500)
Increase in deferred government assistance	-	14,854
Change in accrued interest from GICs	11,219	(4,571)
Interest income received relating to short-term investments	(12,929)	(42,478)
Bad debt expense	86,969	-
	253,802	278,744
Net change in non-cash operating working capital accounts:		
Decrease (increase) in accounts receivable	(190,263)	(42,961)
Decrease (increase) in GST receivable	33,455	(20,651)
Increase (decrease) in wages and benefits payable	21,222	(53,007)
Increase in government remittances payable	14,136	47,352
Increase (decrease) in trade payables and accruals	(84,896)	30,551
Increase (decrease) in contribution repayable	40,000	(987,100)
Increase (decrease) in deferred revenue	(122,670)	172,670
	(289,016)	(853,146)
Cash flows used for operating activities per page 5	$ (35,214)	$ (574,402)

22. 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.

	2021	2020
Revenue - Northwest Territories Housing Corporation	$ 17,450	$ 24,700
Expenses		
Aurora College:		
Rent, hospitality, office, telephone, and professional development	$ 600	$ 1,544
Workers' Safety and Compensation Commission	21,319	14,559
	$ 21,919	$ 16,103
Receivables from related parties:		
GNWT - Environment & Natural Resources (ENR)	$ 37,176	$ 37,176
GNWT - Health and Social Services	13,965	20,950
GNWT - Infrastructure	607,862	422,031
Northwest Territories Power Corporation	20,000	15,000
Northwest Territories Housing Corporation	94,333	89,135
	$ 773,336	$ 584,292
Payables to related parties: Aurora College	$ -	$ 3,479

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE
For the year ended March 31, 2021

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	$ -	$ 89,274	$ 48,726	$ -	$ -	$ 138,000	$ 138,000	$ -
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Infrastructure - Core and Program Funding								
Core Funding	$ 82,670	$ 1,360,000	$ 240,000	$ -	$ 82,366	$ 1,765,036	$ 1,765,036	$ -
Alternative Energy Technologies Program (AETP)	-	300,000	-	-	21,963	321,963	321,963	-
Energy Rating Services Support Program (ERS)	-	150,000	-	-		150,000	150,000	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	-	-	234	200,234	200,234	-
Biomass Energy	-	100,000	-	-	(10,028)	89,972	89,972	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	14,205	214,205	214,205	-
Community Government Retrofits (CGERP)	-	190,000	-	-	(108,741)	81,259	81,259	-
	82,670	2,500,000	240,000	-	-	2,822,670	2,822,670	-
Department of Infrastructure - Low Carbon Economy Leadership Fund (LCELF)								
Alternative Energy Technologies Program (AETP)	-	238,325	-	-	59,882	298,207	298,207	-
Energy Efficiency Incentive Program (EEIP)	-	341,155	136,885	-	10,044	488,084	488,084	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	202,770	-	-	(10,202)	192,568	192,568	-
Community Government Building Energy Retrofit (CGBERP)	-	145,000	-	-	(43,231)	101,769	101,769	
Deep Home Energy Retrofit	-	202,065		-	(1,374)	200,690	200,690	-
Low Income Energy Assistance	-	104,000		-	5,356	109,356	109,356	
Energy Efficiency and Conservation Retrofits - NGO	-	233,000	-	-	(37,400)	195,600	195,600	-
Electric Heat Incentive South Slave	-	42,685	515	-	8,463	51,663	51,663	-
Community Energy Plan Implementation	-	41,000	388	-	8,463	49,851	49,851	-
Community Wood Stoves	-	350,000	28,794	-	-	378,794	378,794	-
	-	1,900,000	166,582	-	-	2,066,582	2,066,582	
Total INF	82,670	4,400,000	406,582	-	-	4,889,251	4,889,251	-
Department of Health & Social Services (H&SS)								
Low Income Energy Retrofits	-	21,000	13,965	-	-	34,965	34,965	-
Department of Municipal and Community Affairs (MACA)								
Stabilizing Non-Government Organization Operations Grant	40,000	-	-	40,000	-	-	-	-
Total GNWT	122,670	4,421,000	420,547	40,000	-	4,924,216	4,924,216	-
Other Revenue								
Membership fees received in advance from ENR	50,000	50,000	-	-	-	100,000	50,000	50,000
Total contributions	$ 172,670	$ 4,560,274	$ 469,273	$ 40,000	$ -	$ 5,162,216	$ 5,112,216	$ 50,000

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2021

	Total	Core Funding	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program	Biomass Energy
REVENUES					
Contributions from GNWT	$ 4,924,216	$ 1,765,036	321,963	150,000	89,972
Contributions from Canada	138,000	-	-	-	-
Membership fees	227,500	227,500	-	-	-
Other source income	76,415	10,690	-	53,750	-
Interest income	10,988	10,988	-	-	-
	5,377,119	2,014,214	321,963	203,750	89,972
EXPENDITURES					
Advertising and promotion	166,337	143,671	308	-	-
Bad debts	86,969	86,969	-	-	-
Consulting fees	117,379	39,219	-	-	30,343
Equipment rental	3,279	3,279	-	-	-
Facility rental and tradeshow fees	8,599	1,038	-	-	-
Fees and dues	15,313	14,785	-	-	528
Hospitality	8,875	5,292	-	-	-
Insurance	12,949	12,949	-	-	-
Interest and bank charges	7,175	7,175	-	-	-
Office and general	62,855	47,579	-	3,003	169
Professional development	6,204	12,263	-	-	-
Professional fees	32,061	32,061	-	-	-
Rebates	1,800,771	-	247,443	-	-
Rent and utilities	166,410	166,410	-	-	-
Telephone, Internet and Website	46,591	46,591	-	-	-
Travel and accommodation	113,097	53,369	-	1,160	-
Wages and benefits	2,553,712	1,182,659	74,212	190,539	58,932
	5,208,577	1,855,309	321,963	194,702	89,972
EXCESS OF REVENUES OVER EXPENDITURES	168,543	158,905	-	9,048	-
TRANSFERS					
Amortization of tangible capital assets	(5,981)	(5,981)	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	3,677	3,677	-	-	-
	(2,304)	(2,304)	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ 166,238	$ 156,601	-	$ 9,048	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE **Schedule II**

SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS

For the year ended March 31, 2021

	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Retrofits (CGERP)	Energy Efficiency Incentive Program (EEIP)	Alternative Energy Technologies LCELF	Energy Efficiency Incentive Program LCELF
REVENUES					
Contributions from GNWT	214,205	81,259	200,234	$ 298,207	$ 488,084
Contributions from Canada	-	-	-	-	-
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	214,205	81,259	200,234	298,207	488,084
EXPENDITURES					
Advertising and promotion	-	-	1,456	2,269	7,802
Bad debts	-	-	-	-	-
Consulting fees	-	625	-	-	-
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	-	-
Hospitality	-	-	-	-	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	-	746	-	-	-
Professional development	-	-	-	-	-
Professional fees	-	-	-	-	-
Rebates	122,934	1,153	153,058	239,912	411,235
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	38	-	-	-	
Wages and benefits	91,233	78,735	45,721	56,026	69,047
	214,205	81,259	200,235	298,207	488,084
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 II**

SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS

For the year ended March 31, 2021

	Commercial Energy Conservation & Efficiency LCELF	Community Government Building Energy Retrofit LCELF	Deep Home Energy Retrofit LCELF	Low Income Home Energy Assistance LCELF	Energy Efficiency & Conservation Retrofits NPOs LCELF
REVENUES					
Contributions from GNWT	$ 192,568	$ 101,769	$ 200,690	$ 109,356	$ 195,600
Contributions from Canada	-	-	-	-	-
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	192,568	101,769	200,690	109,356	195,600
EXPENDITURES					
Advertising and promotion	79	-	4,712	29	2,745
Bad debts	-	-	-	-	-
Consulting fees	613	-	-	-	823
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	604.39	-
Fees and dues	-	-	-	-	
Hospitality	-	-	-	1,156	
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	353	-	2,985	2,727	
Professional development	-	-	-	-	
Professional fees	-	-	-	-	-
Rebates	119,388	52,306	56,821	292	100,799
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	11,734	16,242	3,449
Wages and benefits	72,136	49,463	124,438	88,306	87,784
	192,568	101,769	200,690	109,356	195,600
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, 2021

	Electric Heat Incentive South Slave LCELF	Community Energy Plan Implementation LCELF	Community Wood Stoves LCELF	Low Income Home Winterization GNWT	CERRC Canada
REVENUES					
Contributions from GNWT	$ 51,663	$ 49,851	$ 378,794	$ 34,965	-
Contributions from Canada	-	-	-	-	138,000
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	11,975
Interest income	-	-	-	-	-
	51,663	49,851	378,794	34,965	149,975
EXPENDITURES					
Advertising and promotion	2,047.76			-	1,218
Bad debts	-	-	-	-	-
Consulting fees	973	-		-	44,783
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	1,100.63	-	5,856
Fees and dues	-	-	-	-	-
Hospitality	-	-	1,920.61	-	507
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	3,628.45		-	1,665	-
Professional development	(6,060)		-	-	-
Professional fees	-	-	-	-	-
Rebates	-	-	262,131	33,300	-
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	25,179	-	1,927
Wages and benefits	51,074	49,851	88,462	-	95,095
	51,663	49,851	378,794	34,965	149,387
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	588
TRANSFERS					
Amortization of tangible capital assets	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ 588

See accompanying notes.

Inuvialuit Water Board

Financial Statements

March 31, 2021

Inuvialuit Water Board

Financial Statements

March 31, 2021 **Page**

Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4
Statement of Operations	6
Statement of Accumulated Surplus	7
Statement of Change in Net Financial Resources	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 15

Management's Responsibility for Financial Reporting

June 17, 2021

To the Directors of
Inuvialuit Water Board

The accompanying financial statements were 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 schedules, and for ensuring that this information is consistent with the information in the financial statements.

Inuvialuit Water Board maintains internal financial and management systems and practices to provide reasonable assurance that reliable financial and non-financial information is available timely and that the Board acts under the laws of the Northwest Territories. 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 to an organization of this type.

The external auditors annually provide an independent, objective audit for expressing an opinion on the financial statements. They also consider whether transactions that come to their notice in this audit are, in all significant respect, in accordance with the specified legislation.

Mardy Semmler
Executive Director
Inuvialuit Water Board

Crowe MacKay LLP
5103 51st Street, PO Box 727
Yellowknife, NWT X1A 2N5
Main +1(867) 920-4404
Fax +1(867) 920-4135
www.crowemackay.ca

Independent Auditors' Report

To the Directors of
Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2021, and the statements of operations, change in accumulated surplus, change in net financial resources 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, 2021, 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 company 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.



Yellowknife, Northwest Territories
June 17, 2021

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Unaudited)	2021	2020
Revenue			
Contributions from GNWT	$ 924,000	$ 924,000	$ 913,000
Donation in-kind (Note 11)	61,693	61,693	61,693
Total revenues before repayable contributions	-	**985,693**	974,693
Repayable contributions (Note 6)	-	(283,890)	(121,489)
Total revenues	**985,693**	**701,803**	853,204
Expenses			
Advertising	2,000	1,956	9,798
Amortization	10,000	11,942	14,360
Board travel and training	16,000	439	5,421
Communications	30,500	35,146	29,665
Communication Strategy Implementation	75,000	638	22,259
Community Capacity Initiative	45,000	10	36,587
Community Tour	20,000	9,863	11,408
Conferences (recovery)	4,000	(3,065)	4,986
Consulting	5,000	600	-
Equipment maintenance	5,500	2,457	3,827
Equipment rental	5,000	3,965	5,206
Honoraria	78,300	63,227	78,263
Hospitality	-	907	457
Interest and bank charges	1,000	335	535
Office supplies	3,200	1,162	3,320
Postage	2,000	159	961
Professional fees	66,000	56,657	59,093
Rent (Note 11)	61,693	61,693	61,693
Salaries and benefits	517,000	465,637	479,507
Implications of In House Staffing - Ph II	5,000	-	11,853
Staff travel	12,500	17	7,800
Staff training	4,000	-	-
Staff recruitment and relocation	17,000	-	-
Total expenses	**985,693**	**713,745**	846,999
Surplus (deficit) before other items	-	**(11,942)**	6,205
Loss on disposal of tangible capital assets	-	**1,982**	-
Operating surplus (deficit)	-	**(13,924)**	**6,205**
Transfer to tangible capital assets	-	**13,924**	(6,205)
Surplus	$ -	$ -	$ -

Inuvialuit Water Board

Statement of Accumulated Surplus

For the year ended March 31,	Capital Asset Fund	Operating Fund	2021 Total	2020 Total
Balance, beginning of year	**$ 38,042**	**$ 290,964**	**$ 329,006**	$ 322,801
Operating surplus (deficit)	**-**	(13,924)	**(13,924)**	6,205
Tangible capital assets disposal losses	(1,982)	1,982	**-**	-
Amortization of tangible capital assets	(11,942)	11,942	**-**	-
Balance, end of year	**$ 24,118**	**$ 290,964**	**$ 315,082**	$ 329,006

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,	Budget (Unaudited)	2021	2020
Operating surplus (deficit)	$ -	$ (13,924)	$ 6,204
Acquisition of tangible capital assets	-	-	(20,564)
Amortization of tangible capital assets	10,000	11,942	14,360
Tangible capital asset loss on disposals	-	1,982	-
Net change in financial resources	**10,000**	**-**	**-**
Net financial resources, beginning of year	**290,964**	**290,964**	290,964
Net financial resources, end of year	**$ 300,964**	**$ 290,964**	$ 290,964

Inuvialuit Water Board

Statement of Financial Position

As at March 31,	2021	2020
Financial Assets		
Cash	$ 515,031	$ 538,956
Temporary investments (Note 10)	200,000	-
Accounts receivable (Note 4)	3,084	5,058
	718,115	544,014
Liabilities		
Accounts payable and accrued liabilities (Note 5)	143,261	131,561
Repayable contributions (Note 6)	283,890	121,489
	427,151	253,050
Net financial resources	290,964	290,964
Non-Financial Assets		
Tangible capital assets (Note 7)	24,118	38,042
	24,118	38,042
Accumulated surplus	$ 315,082	$ 329,006

Commitments (Note 9)

Approved on behalf of the Board

Director

Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2021	2020
Cash provided by (used in)		
Operating activities		
Operating surplus (deficit)	$ (13,924)	$ 6,205
Item not affecting cash:		
Amortization of tangible capital assets	11,942	14,360
Loss on disposal of tangible capital assets	1,982	-
Changes in non-cash operating working capital		
Accounts receivable	1,974	(1,484)
Accounts payable and accrued liabilities	11,700	(35,895)
Repayable contributions	162,402	(64,357)
	176,076	(81,171)
Investing activity		
Purchase of temporary investments	(200,000)	-
Capital activity		
Acquisition of tangible capital assets	-	(20,564)
Decrease in cash	**(23,924)**	(101,735)
Cash, beginning of year	**538,956**	640,691
Cash, end of year	**$ 515,032**	$ 538,956

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.

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.

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) 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 7.

(c) 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.

2. Accounting Policies (continued)

(d) Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the transfer is authorized, and the related expenses are incurred. Unrestricted contributions are recognized as revenue when the transfer is authorized, and all eligibility criteria have been met if the amount to be received can be reasonably estimated, and its collection is reasonably assured. Restricted contributions which are not fully used during the contribution term are repayable contributions and must be repaid to the contributor.

The Board receives rent in-kind, which is recognized at fair value as donations in-kind revenue.

Other revenue is recognized when services and goods are provided.

(e) 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.

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 the 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. Accounts Receivable

	2021	2020
Expense recoveries receivable	$ 175	$ 12
Goods and Services Tax rebate	2,909	5,046
	$ 3,084	$ 5,058

As at March 31, 2021, the allowance for doubtful accounts is $nil (2020 - $nil).

5. Accounts Payable and Accrued Liabilities

	2021	2020
Government of the Northwest Territories - wages payable	$ 126,536	$ 117,772
Accrued liabilities	10,711	10,711
Credit card payable	1,747	1,728
Other accounts payable	4,267	1,350
	$ 143,261	$ 131,561

6. Repayable Contributions

	2021	2020
Government of the Northwest Territories:		
- Department of Environment and Natural Resources	$ 283,890	$ 121,489

7. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2020 Net Book Value
Furniture and equipment	20%	$ 45,222	$ 27,187	$ 18,035	$ 22,924
Computer equipment	30%	43,892	37,809	6,083	15,118
Computer software	100%	-	-	-	-
		$ 89,114	$ 64,996	$ 24,118	$ 38,042

8. 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.

9. Commitments

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

2022	$	4,945
2023		4,945
2024		206
	$	10,096

10. 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.

The Board's maximum exposure to credit risk is represented by the balance of the financial assets of $718,115 (2020 - $544,014).

(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.

A significant portion of the Board's cash is held with one financial institution, exposing the Board to the risk that this institution may not have the liquidity to honour withdrawals of the Board's funds. At March 31, 2021, 100% (2020 - 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.

10. Risk Management (Continued)

(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 $427,151 (2020 - $253,050). 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, 2021, 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

Included in temporary investments at March 31, 2021, of $200,000 (2020 - $nil) are two one-year $100,000, 0.60% interest per annum, non-redeemable guaranteed investment certificates with the Canadian Imperial Bank of Commerce, which mature November 9, 2021.

11. 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, salaries and wages, donation in-kind and related rent expense. 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.

12. Budget Amounts

The budget figures presented are unaudited and are those approved by the Board.

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2021

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, 2021

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 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 2021, 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 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 2021 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 2021 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 changes in net financial assets, respectively, for the year ended 31 March 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 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.

David Irving

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

Edmonton, Canada
25 August 2021

	Page
Consolidated Statement of Financial Position	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Operations and Accumulated Surplus	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11 – 30
Schedule A – Consolidated Schedule of Tangible Capital Assets	31

Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Financial Position (000's)

	March 31, 2021	March 31, 2020
	$	$
Financial Assets		
Cash (Note 3)	18,229	19,436
Accounts receivable	130	186
Inventories for sale (Note 4)	340	498
Loans receivable (Notes 5, 6 and 7)	43,511	36,723
	62,210	56,843
Liabilities		
Accounts payable and accrued liabilities	1,061	921
Post-employment benefits (Note 9)	297	345
Advances from the Government (Note 10)	26,798	21,228
Asset retirement obligations	31	31
	28,187	22,525
Net financial assets	34,023	34,318
Non financial assets		
Tangible capital assets (Schedule A)	244	318
Prepaid expenses	12	1
	256	319
Accumulated surplus	**34,279**	**34,637**

Venture investments (Note 8)
Commitments and contingencies (Notes 13 and 14)

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 2021	Actual 2021	Actual 2020
	$	$	$
Annual (deficit) surplus	344	(358)	1,192
Acquisition of tangible capital assets	-	-	(89)
(Gain) on disposal of tangible capital assets	-	-	(41)
Amortization of tangible capital assets	77	74	79
Proceeds received from disposal of tangible capital assets	-	-	71
	77	74	20
Acquisition of prepaid expenses	-	(12)	(16)
Use of prepaid expenses	-	1	20
	-	(11)	4
(Decrease) increase in net financial assets	421	(295)	1,216
Net financial assets, beginning of year	**34,318**	**34,318**	**33,102**
Net financial assets, end of year	**34,739**	**34,023**	**34,318**

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 2021	Actual 2021	Actual 2020
	$	$	$
Revenues			
Interest on loans receivable	2,300	2,212	2,511
Sales and other income	766	468	831
Gain on disposal of tangible capital assets	-	-	41
Interest on pooled cash (Note 3)	132	139	399
	3,198	2,819	3,782
Government transfers (Note 11)	2,909	2,954	2,922
	6,107	5,773	6,704
Expenses (Note 12)			
Lending and investments	4,366	5,171	4,086
Retail and manufacturing	1,397	960	1,426
	5,763	6,131	5,512
Annual (deficit) surplus	**344**	**(358)**	**1,192**
Accumulated surplus, beginning of year	**34,637**	**34,637**	**33,445**
Accumulated surplus, end of year	**34,981**	**34,279**	**34,637**

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	2021	2020
	$	$
Operating transactions		
Cash received from:		
Governments	2,109	2,056
Customers	491	886
Interest	1,352	2,811
	3,952	5,753
Cash paid for:		
Compensation and benefits	1,953	3,169
Payments to suppliers	743	1,319
Grants and contributions	199	153
	2,895	4,641
Cash provided by operating transactions	**1,057**	**1,112**
Capital transactions		
Acquisition of tangible capital assets	-	(255)
Proceeds from disposal of tangible capital assets	-	77
Cash used for capital transactions	**-**	**(178)**
Investing transactions		
Loans receivable disbursed	(9,649)	(3,351)
Loans receivable repaid	1,885	4,608
Cash (used for) provided by investing transactions	**(7,764)**	**1,257**
Financing transactions		
Advances from the Government	5,500	-
Cash provided by financing transactions	**5,500**	**-**
(Decrease) increase in cash	**(1,207)**	**2,191**
Cash, beginning of year	19,436	17,245
Cash, end of year	**18,229**	**19,436**

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

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 (the Government) 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 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 for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government 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 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 for their ongoing operations (Note 17).

Section 26 of the Act also authorizes the Government 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 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.

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.

At the time of preparation of these consolidated financial statements, management believes the estimates and the assumptions to be reasonable under the continued effect from the COVID-19 situation.

The more significant estimates relate to the determination of 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

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'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. Cash also includes funds and reserves subject to restrictions as described in Note 3.

(d) 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.

(e) 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 is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired. 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 requests, loan restructuring requests and loan payments received subsequent to year-end to determine if loans were performing or impaired.

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. Changes in the estimated net recoverable value arising subsequent to initial impairment are adjusted through the allowance for credit losses.

Concessionary loans are recorded at the discounted value of the loan after the grant portion has been charged to interest expense and cost of interest rate reduction. For concessionary loans, subsequent to initial valuation, the loans are carried at amortized costs using the effective interest method. The discounted value and the effective interest rate are determined using the prime rate adjusted for risk at the date of issuance. The grant portion is calculated as the difference between the face value and the discounted value of the loan and is recorded as interest expense and cost of interest rate reduction at the date of issue.

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) on an impaired loan are credited against the carrying amount of the loan and recognized as an adjustment to 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.

2. Summary of significant accounting policies (continued)

(e) Loans receivable (continued)

In accordance to the updated FAA that came into effect on April 1, 2016, 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.

(f) 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.

(g) 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.

(h) 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

2. Summary of significant accounting policies (continued)

(h) Asset retirement obligations (continued)

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.

(i) 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 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.

(j) 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.

(k) 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

2. Summary of significant accounting policies (continued)

(k) Tangible capital assets (continued)

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.

(l) 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. These financial instruments are measured at cost.

(m) 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.

(n) 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.

(o) 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.

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'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. The eligible classes of securities, categories of issuers,

3. Cash (continued)

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 $139,000 in interest at an average investment yield of 0.83% during the year (2020: $399,000 at an average investment yield of 2.30%).

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 9b).

	000's	
	2021	**2020**
	$	**$**
Cash held by the Corporation for operations	5,284	4,723
Cash held by the Corporation's organizations	1,924	1,606
Cash held for post-employment benefits	297	345
	7,505	6,674
Venture Investment Fund	4,190	4,190
Capital Fund	873	873
Subsidy Fund	435	434
Venture Reserve Fund	486	486
Loans and Bonds Fund	4,593	6,632
Capital Reserve Fund	147	147
	10,724	12,762
	18,229	**19,436**

4. Inventories for sale

	000's	
	2021	2020
	$	$
Arts and crafts	146	289
Canvas products	194	209
	340	**498**

During the year, $101,000 of inventories were written down (2020: $124,000) and no inventories were pledged as security. Also, during the year, the Corporation had $35,000 recoveries on inventory that had been previously written down (2020: $28,000). Inventory write-downs and recoveries are included in the cost of goods sold.

5. 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 announced on March 20, 2020 certain economic relief measures through the Corporation effective April 1, 2020. The Corporation's two economic relief programs are considered to provide concessionary terms to qualified businesses.

Economic relief programs

- Interest Rate Differential

  The Corporation offered low interest working capital loans during the pandemic. 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%). Ninety-one loans totaling $2,319,000 were disbursed under this program. At March 31, 2021, allowance for credit losses on these loans total $111,000.

  The Corporation has recognized the total estimated cost of the economic relief loans with concessionary terms to be $271,000 as an expense in the current year.

- Compound Interest on Deferred Loans

  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.

  The Corporation has recognized the total estimated cost of the economic relief program for this concessionary term to be $32,000 as an expense in the current year.

5. Impact of COVID-19 (continued)

Economic relief programs extended

With the continued impact of COVID-19 affecting the Northwest Territories' economy, in March 2021, the Corporation's Application Review Committee approved twenty-four loan clients (with a total of thirty-two loans) additional deferral options for up to six months to the end of September 2021. The additional deferrals approved include:

- fifteen loans totalling $5,026,000 have principal and interest deferred,
- nine loans totalling $2,962,000 are interest only deferrals, and
- eight loans totalling $2,499,000 have decreased fixed payments.

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

6. 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			
		2021		2020	
		Rate Range	Balances	Rate Range	Balances
		%	$	%	$
Performing loans due within:	1 year	4.70-7.95	7,657	4.70-7.95	3,135
	1-2 years	4.70-6.70	7,857	2.00-7.95	9,246
	2-3 years	5.45-7.45	3,591	4.70-6.70	8,108
	3-4 years	2.95-6.95	4,501	3.00-6.95	6,204
	over 4 years*	1.75-6.95	12,790	2.95-7.95	7,270
			36,396		33,963
Accrued loan interest receivable			1,154		196
Impaired loans			11,160		6,054
			48,710		40,213
Less: allowance for credit losses (Note 7)			5,199		3,490
			43,511		**36,723**

* These loans receivables have been reduced by $303,000 under the concessionary terms (Note 5)

6. Loans receivable (continued)

During the year, the Corporation issued $7,330,000 in new loans and $2,319,000 in economic relief working capital loans.

In 2021, no accounts (including impaired interest) were written off by the board of directors (2020: nil) and no accounts were forgiven (2020: nil) by the FMB. Recoveries on loans previously written off from both loans receivable and allowance totalled $38,000 (2020: $33,000).

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

	000's			
	2021		2020	
Sectors	Performing	Impaired	Performing	Impaired
	$	$	$	$
Accommodations, food and beverage	5,493	1,791	4,575	1,041
Agriculture	1,715	388	281	-
Arts and craft	6	375	281	84
Business services	185	304	144	304
Communication	-	559	559	-
Construction	6,345	2,870	8,437	1,073
Educational services	25	-	-	-
Entertainment and recreation	39	58	-	-
Finance and insurance	318	-	339	-
Fisheries and wildlife	22	30	86	-
Forestry and logging	89	-	172	-
Health care	82	-	-	-
Information and cultural industries	84	-	-	-
Management of companies	1,232	-	398	-
Manufacturing	1,113	8	1,092	9
Mining	127	-	127	-
Oil and gas	-	359	-	400
Other services	2,073	82	1,421	82
Professional, scientific and technical services	385	-	1	-
Real estate	6,752	155	5,340	161
Retail	6,058	1,243	6,129	731
Transportation and storage	2,961	897	2,723	901
Travel and tourism	565	2,041	1,131	1,268
Wholesale	727	-	727	-
	36,396	**11,160**	**33,963**	**6,054**

6. Loans receivable (continued)

Geographic concentration

	000's			
	2021		2020	
Regions	Performing	Impaired	Performing	Impaired
	$	$	$	$
Beaufort-Delta	3,536	856	2,284	862
Dehcho	5,634	1,658	5,658	850
North Slave	6,920	4,185	5,301	1,652
Sahtu	2,176	133	2,234	204
South Slave	18,130	4,328	18,486	2,486
	36,396	**11,160**	**33,963**	**6,054**

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

	000's	
Credit risk rating	2021	2020
	$	$
Low	19,040	18,016
Medium	15,020	15,042
High	2,336	905
	36,396	**33,963**

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. There were no accounts in arrears during the year as a result of the loan deferment initiative mentioned in 2(e):

	000's	
Loans past due but not impaired	2021	2020
	$	$
31 – 60 days	-	21
61 – 90 days	-	7
Over 90 days	-	-
	-	**28**

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

6. Loans receivable (continued)

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 2021 (2020: nil)

7. Allowance for credit losses

	000's	
	2021	2020
	$	$
Balance, beginning of year	3,490	3,527
Provision for credit losses	1,878	121
Loans written off	-	-
Recoveries from repayments of allowance	(169)	(158)
Balance, end of year	**5,199**	**3,490**
Comprised of:		
Specific allowance*	4,471	2,808
General allowance	728	682
Balance, end of year	**5,199**	**3,490**

* The specific allowance includes $111,000 for the economic relief working capital loans that were distributed throughout the year (Note 5).

8. 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, 2021, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2021 were $593,000 (2020: $593,000) with accumulated write-downs of $593,000 (2020: $593,000). In 2021, no venture investments were approved for write-off (2020: nil) by the board or for forgiveness by the FMB (2020: 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 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.

9. 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

9. Post-employment benefits (continued)

(a) Pension benefits (continued)

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 (2020: 1.07) 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 (2020: 1.0) the employee's contribution. Total contributions of $126,000 (2020: $148,000) 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	
	2021	2020
	$	$
Corporation's contributions	126	148
Employees' contributions	125	141

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(j)(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 March 2021 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.

Change in Obligation	000's	
	2021	2020
	$	$
Accrued benefit obligation, beginning of year	249	424
Current period benefit cost	11	11
Interest cost	5	11
Benefit payments	(58)	(8)
Actuarial (gain)	(65)	(189)
Accrued benefit obligation, end of year	142	249
Unamortized net actuarial gain	155	96
Accrued benefit liability*	**297**	**345**

*Total retirement, post-employment, and other leave benefits includes $262,922 (2020 - $317,180) related to severance and removal and $34,376 (2020 - $28,195) related to compensated absences.

9. Post-employment benefits (continued)

(b) Termination, removal benefits and leave (continued)

Benefit Expense

	000's	
	2021	**2020**
	$	**$**
Current period benefit cost	11	11
Interest cost	5	11
Amortization of actuarial (gain) loss	(6)	16
Post-employment benefits	**10**	**38**

The discount rate used in determining the accrued benefit obligation is an average of 3.30% (2020: 2.70%). The assumed rate of compensation increase is 2% (2020: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8.3 years (2020: 8.3 years). No inflation was applied.

10. Advances from the Government

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 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 (2020: $45 million) as at March 31, 2021.

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 0.19% to 0.49% (2020: 0.70% to 1.66%) during the year.

	000's	
	2021	**2020**
	$	**$**
Balance, beginning of year	21,228	20,934
Interest charged on Advances	70	294
Advances from the Government	5,500	-
Balance, end of year	**26,798**	**21,228**

During the year, the Government advanced $5,500,000 to the Corporation to cover new loans and economic relief working capital loans (Notes 5 and 6).

11. Government transfers

	000's					
	2021			2020		
	Lending/ Invest-ments	Retail/ Manufac-turing	Total	Lending/ Invest-ments	Retail/ Manufac-turing	Total
	$	$	$	$	$	$
Government:						
Operations and maintenance	1,410	602	**2,012**	1,339	620	**1,959**
Services received without charge (Note 16)	845	-	**845**	866	-	**866**
	2,255	602	**2,857**	2,205	620	**2,825**
Federal programs	97	-	**97**	97	-	**97**
	2,352	**602**	**2,954**	**2,302**	**620**	**2,922**

A stipulation included in the agreement is for any unspent funds to be repaid to the Government. There were no unspent amounts in 2021 (2020: nil).

12. Consolidated budgeted figures and expenses by object

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

	Consolidated (000's)							
	2021				2020			
	Total Budget	Lending / Investments	Retail / Manufacturing	Total	Total Budget	Lending / Investments	Retail / Manufacturing	Total
	$	$	$	$	$	$	$	$
Advertising and promotion	31	10	2	**12**	32	16	6	**22**
Amortization	77	52	22	**74**	40	53	26	**79**
Asset retirement	-	-	1	**1**	-	-	1	**1**
Bad debts	-	-	5	**5**	-	-	6	**6**
Bank charges and interest	26	18	21	**39**	26	2	27	**29**
Board members	52	37	2	**39**	37	31	1	**32**
Business Development Fund	200	199	-	**199**	200	153	-	**153**
Business Service Centre	240	223	-	**223**	248	247	-	**247**
Compensation and benefits	2,598	2,154	209	**2,363**	2,643	2,979	214	**3,193**
Computers and communications	133	102	21	**123**	129	96	21	**117**
Cost of goods sold	794	-	497	**497**	777	-	914	**914**
Insurance	27	-	23	**23**	27	-	22	**22**
Interest expense and cost of interest rate reduction*	425	373	-	**373**	450	293	-	**293**
Office and general	70	44	11	**55**	83	42	14	**56**
Provision for (recovery of) credit losses (net)	400	1,709	-	**1,709**	350	(37)	-	**(37)**
Professional services	350	68	39	**107**	156	38	60	**98**
Rent	216	169	15	**184**	192	154	15	**169**
Repairs and maintenance	10	-	29	**29**	12	-	29	**29**
Training and workshops	-	13	-	**13**	-	2	-	**2**
Travel	55	-	2	**2**	59	17	2	**19**
Utilities	59	-	61	**61**	52	-	68	**68**
	5,763	**5,171**	**960**	**6,131**	**5,513**	**4,086**	**1,426**	**5,512**

* Cost of interest rate reduction totalling $303,000 is a result of concessionary terms (Note 5).

13. Commitments

As at March 31, 2021, loans to businesses approved but not yet disbursed, totalled $3,592,000 at a weighted average interest rate of 5.0% (2020: $4,503,000 at a weighted average interest rate of 5.7%). These loans do not form part of the loans receivable balance until disbursed. Also, as at March 31, 2021, there was one venture approved to one business in the amount of $350,000 which was not disbursed (2020: nil) and all contributions to businesses approved have been disbursed (2020: nil).

14. Contingencies

Loans

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling $318,000 (2020: one loan totalling $339,000). 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 2021, no accounts were assigned to the Corporation (2020: one account in the amount of $10,000).

Letters of credit

The Corporation has one outstanding irrevocable standby letter of credit in the amount of $2,000,000 (2020: $2,100,000) and expire in fiscal 2022. Payment by the Corporation is due from this letter in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2020: nil).

15. Related party transactions

The Corporation is related in terms of common ownership to all Government of the Northwest Territories 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 16).

15. Related party transactions (continued)

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

	000's	
	2021	2020
	$	$
Revenues		
Sales	3	86
Government transfers (Note 11)	2,857	2,825
Expenses		
Purchases	225	189
Interest on advances from the Government	70	294
Balances at year end		
Accounts receivable	9	67
Accounts payable and accrued liabilities	129	264
Advances from the Government	26,798	21,228

16. Services received without charge

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

	000's	
	2021	2020
	$	$
Staff support	623	665
Accommodation	222	201
	845	**866**

17. Economic dependence

The Corporation received 49.5% (2020: 42.1%) of its revenues in the form of a contribution and services without charge from the Government. The Corporation's continued operations are dependent on these arrangements.

18. 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.

18. Risk management (continued)

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, 2021, $3,378,000 (2020: $2,344,000) 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 5).

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2021:

	000's	
	2021	2020
	$	$
Cash	18,229	19,436
Accounts receivable	130	186
Loans receivable	43,511	36,723
Letters of credit	2,000	2,100

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, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

18. Risk management (continued)

Interest rate risk (continued)

The Corporation's borrowing from the Government 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 with cash available from the Loans and Bonds fund. During the year, no payments were made (2020: nil) to the Government.

Based on the Corporation's advances from the Government as at March 31, 2021 and the monthly cash balance on hand, a 100-basis point increase in interest rates would decrease annual surplus by $85,000 (2020: $22,000). A 100-basis point decrease in interest rates would decrease annual surplus by $57,000 (2020: increase of $51,000).

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 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, 2021

Schedule A
000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2021	March 31, 2020
	$	$	$	$	$	$	$
Cost of tangible capital assets, opening	78	1,789	684	540	9	3,100	3,217
Acquisitions	-	-	-	-	-	-	89
Disposals	-	-	(16)	-	-	(16)	(206)
Cost of tangible capital assets, closing	78	1,789	668	540	9	3,084	3,100
Accumulated amortization, opening	-	1,686	662	426	8	2,782	2,879
Amortization expense	-	12	8	53	1	74	79
Disposals	-	-	(16)	-	-	(16)	(176)
Accumulated amortization, closing	-	1,698	654	479	9	2,840	2,782
Net book value	**78**	**91**	**14**	**61**	**-**	**244**	**318**

NORTHWEST TERRITORIES HERITAGE FUND

Financial Statements

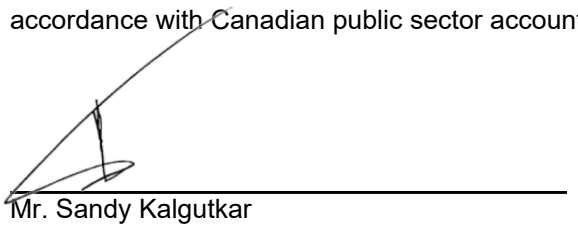
For The Year Ended March 31, 2021

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. Sandy Kalgutkar
Secretary, Financial Management Board

Yellowknife, Northwest Territories
July 07, 2021

METRIX GROUP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2021, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

Other Matter

The financial statements for the year ended March 31, 2021 were prepared by management and are unaudited.

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.

(continues)

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 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
July 7, 2021

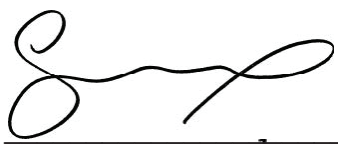
NORTHWEST TERRITORIES HERITAGE FUND

Statement of Financial Position

As at March 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	**$ 1,361,947**	$ 129,677
Interest receivable	**143,998**	293,883
Portfolio investments *(Note 2)*	**28,676,851**	26,347,965
	30,182,796	26,771,525
LIABILITIES		
Accounts payable and accrued liabilities	**30,674**	18,696
NET FINANCIAL ASSETS	**30,152,122**	26,752,829
ACCUMULATED SURPLUS	**$ 30,152,122**	$ 26,752,829

APPROVED BY



Chair 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, 2021

	2021 (Budget)	**2021 (Actual)**	2020 (Actual)
REVENUES			
Contributions from the Government of the Northwest Territories	$ 7,600,000	**$ 2,538,486**	$ 1,856,484
Investment income	-	**877,857**	618,015
Gain on sale of investments	-	**52,038**	122,001
	7,600,000	**3,468,381**	2,596,500
EXPENSES			
Professional fees	-	**69,088**	58,751
ANNUAL SURPLUS	7,600,000	**3,399,293**	2,537,749
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	**26,752,829**	24,215,080
ACCUMULATED SURPLUS, END OF YEAR	$ 7,600,000	**$ 30,152,122**	$ 26,752,829

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, 2021

	2021 (Budget)	**2021 (Actual)**	2020 (Actual)
ANNUAL SURPLUS	$ 7,600,000	**$ 3,399,293**	$ 2,537,749
NET FINANCIAL ASSETS, BEGINNING OF YEAR	26,752,829	**26,752,829**	24,215,080
NET FINANCIAL ASSETS, END OF YEAR	$ 34,352,829	**$ 30,152,122**	$ 26,752,829

NORTHWEST TERRITORIES HERITAGE FUND

Statement of Cash Flows

For The Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	**$ 3,399,293**	$ 2,537,749
Items not affecting cash:		
Gain on disposal of investments	**(52,038)**	(122,001)
Amortization of investment premiums/discounts	**(91,613)**	(186,239)
	3,255,642	2,229,509
Changes in non-cash working capital:		
Interest receivable	**149,885**	(245,649)
Accounts payable and accrued liabilities	**11,978**	18,696
	161,863	(226,953)
	3,417,505	2,002,556
INVESTING ACTIVITIES		
Purchase of investments	**(16,402,656)**	(40,153,420)
Proceeds from disposals and redemptions of investments	**14,217,421**	14,113,695
	(2,185,235)	(26,039,725)
INCREASE (DECREASE) IN CASH FLOWS	**1,232,270**	(24,037,169)
CASH, BEGINNING OF YEAR	**129,677**	24,166,846
CASH, END OF YEAR	**$ 1,361,947**	$ 129,677

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 West 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.

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.

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.

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)

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

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 form 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 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) 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

	2021 Cost	**2021 Market value**	2020 Cost	2020 Market value
Canadian papers	**$ 18,923,427**	**$ 19,209,094**	$ 7,992,700	$ 7,749,527
Equities and other financial instruments	**5,976,693**	**6,798,282**	6,253,283	4,710,233
Bonds	**3,776,731**	**3,919,234**	3,685,118	3,813,050
Guaranteed investment certificates	**-**	**-**	8,416,864	8,416,864
	$ 28,676,851	**$29,926,610**	$ 26,347,965	$24,689,674

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 $91,613 (2020 - $186,239).

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, 2021.

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.

4. BUDGET

Budget figures presented in these financial statements are based on the 2020-2021 Government of Northwest Territories "Main Estimates".

Northwest Territories Housing Corporation

Consolidated Financial Statements

March 31, 2021

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

Jim Martin, FCPA, FCGA, MBA, MA Acting for
Eleanor Young
President and CEO

Konstantin Khasanov, CPA, CGA Acting for
Vice President
Finance and Infrastructure Services

Yellowknife, Northwest Territories
August 27, 2021

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 2021, 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 2021, 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.

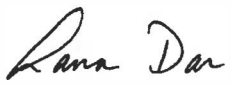
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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
27 August 2021

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position
As at March 31, 2021
(in thousands)

	2021	2020
Financial assets		
Cash and cash equivalents	$ 48,996	$ 45,274
Portfolio investments (Note 3)	37,406	43,394
Accounts receivable (Note 4)	41,775	11,897
Mortgages and loans receivable (Note 5)	2,787	3,075
	130,964	103,640
Liabilities		
Accounts payable and accrued liabilities (Note 6)	25,920	19,659
Deferred revenue	261	409
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 7)	5,270	5,858
Environmental liabilities (Note 8)	1,106	558
Retirement, post-employment, and other leave benefits (Note 9)	2,383	2,766
	34,940	29,250
Net financial assets	96,024	74,390
Non-financial assets		
Tangible capital assets (Schedule A)	325,550	319,498
Inventories held for use	2,635	2,568
Prepaid expenses	69	70
	328,254	322,136
Accumulated surplus	$ 424,278	$ 396,526

Contractual rights, obligations and contingencies (Notes 11, 12 and 13)

Approved by:

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

Jim Martin, FCPA, FCGA, MBA, MA Acting for
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 Change in Net Financial Assets
For the year ended March 31, 2021
(in thousands)

	2021 Budget	2021 Actual	2020 Actual
Net financial assets, beginning of the year	$ 74,390	$ 74,390	$ 74,393
Items affecting net financial assets:			
Annual (deficit) surplus	(6,564)	27,752	6,149
Acquisition of tangible capital assets	(12,984)	(22,043)	(21,937)
Amortization	15,388	15,373	14,528
Proceeds from disposal of tangible capital assets	-	249	97
Loss from disposal of tangible capital assets	-	369	492
Grants in kind	-	-	549
Acquisition of inventories held for use	-	(1,428)	(1,090)
Consumption of inventories held for use	-	1,361	1,193
Acquisition of prepaid expenses	-	(54)	(59)
Consumption of prepaid expenses	-	55	75
Increase/(Decrease) in net financial assets	(4,160)	21,634	(3)
Net financial assets, end of the year	$ 70,230	$ 96,024	$ 74,390

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, 2021
(in thousands)

	2021 Budget	2021 Actual	2020 Actual
Revenues			
Government funding:			
Government of the Northwest Territories	$ 71,672	$ 76,600	$ 73,889
Canada Mortgage and Housing Corporation (Note 10)	19,587	45,086	19,854
Other Transfers (Note 16)	-	583	5,191
	91,259	122,269	98,934
Generated revenues:			
Rental revenue	9,688	10,654	10,673
Recoveries from mortgages and loans (Note 5)	475	605	508
Income from portfolio investments	691	686	1,666
Other revenue and recoveries	419	1,808	1,594
Interest revenue on mortgages and loans	120	94	111
	11,393	13,847	14,552
	102,652	136,116	113,486
Expenses (Note 14)			
Public housing program	67,942	63,335	62,073
Unilateral CMHC programs and other programs	2,465	2,199	2,807
HELP and market housing	7,024	9,243	9,565
Non-residential building operations	280	971	1,054
Rent subsidy program	600	749	260
Homelessness fund program	2,991	3,874	3,601
Homeownership assistance grants	9,167	6,558	7,511
Housing operations and support	18,747	21,435	20,466
	109,216	108,364	107,337
Annual (deficit) surplus	$ (6,564)	$ 27,752	$ 6,149
Accumulated surplus, beginning of year	396,526	396,526	390,377
Accumulated surplus, end of year	$ 389,962	$ 424,278	$ 396,526

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, 2021
(in thousands)

	2021	2020
Operating transactions		
Annual surplus	$ 27,752	$ 6,149
Items not affecting cash:		
Amortization	15,373	14,528
Other transfers	(583)	(5,146)
Building from foreclosure	(110)	-
Loss from disposal of tangible capital assets	369	492
Grant in kind	-	549
Non-cash portfolio investment income	47	60
Non-cash mortgage funding	(45)	(171)
Change in valuation allowance for doubtful accounts	180	22
Change in valuation allowance for mortgages and loans receivable	-	(100)
	15,231	10,234
Change in non-cash assets and liabilities:		
Change in accounts receivable	(29,878)	(1,538)
Change in inventories held for use	(67)	103
Change in prepaid expenses	1	16
Change in accounts payable and accrued liabilities	4,308	(1,619)
Change in deferred revenue	(148)	5
Change in environmental liabilities	548	45
Change in retirement, post-employment, and other leave benefits	(383)	26
	(25,619)	(2,962)
Cash provided by operating transactions	17,364	13,421
Capital transactions		
Acquisition of tangible capital assets	(19,501)	(15,629)
Proceeds from disposal of tangible capital assets	249	97
Cash used for capital transactions	(19,252)	(15,532)
Financing transactions		
Repayment of loans payable to CMHC	(588)	(597)
Cash used for financing transactions	(588)	(597)

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, 2021
(in thousands)

	2021	2020
Investing transactions		
Proceeds from sale of portfolio investments	44,421	-
Acquisition of portfolio investments	(38,511)	(277)
Repayments of mortgages and loans receivable	288	422
Cash provided by investing transactions	6,198	145
Increase (decrease) in cash and cash equivalents	3,722	(2,563)
Cash and cash equivalents at beginning of the year	45,274	47,837
Cash and cash equivalents at end of the year	$ 48,996	$ 45,274

Total interest paid during the year was $354 (2020 - $398).
Total interest received during the year was $879 (2020 - $1,423).
Interest received includes interest revenue on mortgages and loans and interest revenue included in income from portfolio investments.

Cash and cash equivalents are comprised of $28,165 (2020 - $26,745) of cash and $20,831 (2020 - $18,529) 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, 2021
(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 useful lives of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.

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
Behchokö Kö Gha K'àodèe
Deline Housing Association
Fort Liard Housing Authority
Fort McPherson Housing Association
Fort Providence Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Gameti Housing Authority
Hay River Housing Authority
Inuvik Housing Authority
Lutsel K'e Housing Authority
Norman Wells Housing Authority
Paulatuk Housing Association
Radilih Koe Housing Association
Sachs Harbour Housing Association
Tsiigehtchic Housing Associaton
Tuktoyaktuk Housing Association
Tulita Housing Association
Ulukhaktok Housing Association
Whati Housing Authority
Yellowknife 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 of the Northwest Territories (Government).

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation 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, including funding provided by the Government and CMHC, 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 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

revenues as the housing units are being built on a percentage of completion basis.

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 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 (Note 5).

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.

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.

A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. When a mortgage or loan has six months of arrears an allowance for impairment of 100% is established to reduce the carrying amount to an estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

The Corporation also performs an annual assessment of mortgages and loans with payments in arrears between one and six months. A partial allowance is recorded on restructured mortgages and loans based on the average collection rate on similar mortgages and loans.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months has passed since the restructuring and payments are not more than six months in arrears.

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.

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.

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 Northern Employee Benefits Services Pension Plan ("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'àodèe
Deline Housing Association
Fort McPherson Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Gameti Housing Authority
Inuvik Housing Authority
Lutsel K'e Housing Authority
Radilih Koe Housing Association
Tulita Housing Association
Whati Housing Authority
Yellowknife Housing Authority

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

(l) 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.

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. 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.

3. PORTFOLIO INVESTMENTS

Issuer	2021 Stated interest rate	2021 Remaining term	2021 Carrying amount	2020 Carrying amount
Banker's acceptances, fixed rate	0.40% to 1.25%	< 1 year	$ 5,628	$ 13,707
Banker's acceptances, fixed rate	1.25%	1 to 2 years	346	473
Banker's acceptances, fixed rate	1.50% to 1.60%	2 to 5 years	30,000	14,484
Banker's acceptances, fixed rate	2.40% to 2.85%	6 years	-	12,350
Provincial government bonds, fixed rate	2.30%	1 to 2 years	-	991
Ontario Hydro Zero Coupon Bonds, fixed rate	2.70%	2 years	1,432	1,389
			$ 37,406	$ 43,394

The weighted average effective yield of this portfolio was 1.53% (2020 – 2.18%). Investments in bankers' acceptances are investments with terms to maturities of greater than 90 days. Fair value of investments was $37,463 (2020 – $43,218).

4. ACCOUNTS RECEIVABLE

	2021	2020
Trade accounts receivable	$ 5,110	$ 4,900
Tenant rents receivable	12,407	12,277
	17,517	17,177
Less allowance for doubtful accounts	(12,334)	(11,872)
	5,183	5,305
Receivables from CMHC	31,903	6,283
Receivables from related parties:		
Government of the Northwest Territories	4,689	309
	$ 41,775	$ 11,897

Of the allowance for doubtful accounts balance disclosed above, $950 (2020 - $950) relates to trade accounts receivable and $11,384 (2020 - $10,922) relates to tenant rents receivable. Tenant rents receivable of $1,009 were forgiven (2020 - Nil) during the year.

5. MORTGAGES AND LOANS RECEIVABLE

(a) Mortgages and loans receivable

	2021	2020
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with a term over a maximum of 10 years	$ 319	$ 365
Mortgages based on Income Assessment before valuation allowance of $279 (2020 - $119), repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	296	137
Loans based on Income Assessment before valuation allowance of $2,995 (2020 - $2,926), repayable in monthly installments at an interest rate varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,130	3,180
Restructured mortgages before valuation allowance of $890 (2020 - $874), repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	1,240	1,158
Restructured loans before valuation allowance of $5,432 (2020 - $5,619), repayable in monthly installments at interest rates varying between 0.00% and 7.20%, unsecured, with a term over a maximum of 25 years	7,398	7,773
Mortgages and loans receivable	12,383	12,613
Less allowance for impaired mortgages and loans receivable	(9,596)	(9,538)
	$ 2,787	$ 3,075

There were two write-offs in the current year totalling $37 (2020 - none).

(b) Net recoveries on mortgages, loans receivable, and conditional grants

	2021	2020
Recoveries on impaired mortgages and loans	$ 431	$ 464
Adjustment to allowance for impaired mortgages and loans	(45)	(172)
Recoveries from conditional grants (Note 2)	219	216
	$ 605	$ 508

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables	$ 13,874	$ 8,535
Contractor holdbacks	1,830	2,063
Tender and security deposits	442	401
Wages and employee benefits	2,438	1,984
Accrued interest	79	89
Damage deposits	2,469	2,387
Payables to related parties:		
Government of the Northwest Territories	4,788	4,200
	$ 25,920	$ 19,659

7. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2021			2020
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2022 to 2038, at interest rates from 6.88% to 19.00% (2020 - 5.94% to 19.00%).	$ 19,979	$ (19,979)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2020 - 6.97%). These loans are guaranteed by the Government.	9,993	(5,552)	4,441	4,893
Mortgages payable to CMHC for three 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 1.05%, (2020 - 1.05% to 3.13%).	829	-	829	965
	$ 30,801	$ (25,531)	$ 5,270	$ 5,858

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

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 $3,048 (2020 - $3,183) and would have made additional principal long-term debt repayments to CMHC of $1,467 (2020 - $1,406).

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

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

	Principal	Interest	Total
2022	$ 624	$ 321	$ 945
2023	661	286	947
2024	699	248	947
2025	711	207	918
2026	695	166	861
2027-2031	1,732	321	2,053
2032-2038	148	14	162
	$ 5,270	$ 1,563	$ 6,833

8. ENVIRONMENTAL LIABILITIES

The Corporation has identified eleven fuel spill sites and no other contaminated sites (2020 - nine fuel spills sites and no other contaminated sites) for which an environmental liability has been recorded. There was one site (2020 - one) closed during the fiscal year as it has been remediated. Responsibility for one site (2020 - nil) was transferred to another entity and four new sites (2020 - two) were identified during the year. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The sites are expected to be remediated within the two years subsequent to year end. The estimated amount of recoveries is nil (2020 - 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 $1,170 (2020 - $1,233) to the Public Service Pension Plan. The employees' contributions to this plan were $1,121 (2020 - $1,134). 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.

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 March 31, 2021. This valuation was based on data completed as at February 15, 2019 that has been extrapolated to year-end. The effective date of the next actuarial valuation is March 31, 2022. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

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

Changes in Obligation	2021	2020
Accrued benefit obligation, beginning of year	$ 2,509	$ 2,907
Current period benefit cost	94	400
Accrued interest	29	45
Benefits payments	(462)	(425)
Actuarial (gains)	(243)	(418)
Accrued benefit obligation, end of year	1,927	2,509
Unamortized net actuarial loss	456	257
Retirement, post-employment, and other leave benefits*	$ 2,383	$ 2,766

*Total retirement, post-employment, and other leave benefits includes $2,278 (2020 – $2,539) related to severance and removal and $105 (2020 – $227) related to compensated absences.

Benefits Expense	2021	2020
Current period benefit cost	$ 94	$ 400
Accrued interest	29	45
Actuarial (gains)/losses	(44)	6
	$ 79	$ 451

The discount rate used to determine the accrued benefit obligation is an average of 3.30% (2020 - 2.70%). The assumed rate of compensation increase is 2% (2020 – 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2020 – 8 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% (2020 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were $414 and $406 (2020 - $420 and $420 respectively).

The plan serves 1,930 Employee Members and 111 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, 2020, the plan had a surplus of $64,776 (December 31, 2019 - $42,537).

10. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2021	2020
Funding received from CMHC recognized as government funding under the:		
Social Housing Agreement (Note 11):		
Contributions for public housing rental subsidies	$ 8,659	$ 8,840
Contributions to non-profit housing sponsor groups and cooperatives	3,600	3,722
Repairs, maintenance and other costs	1,132	1,223
Co-Investment Fund Agreement	25,500	-
Bilateral Agreement (Note 11)	6,195	6,069
	$ 45,086	$ 19,854

Under the terms of the 1999 Social Housing Agreement 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.

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 National Housing Strategy. 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.

11. CONTRACTUAL RIGHTS

	Expiry Date	2022	2023	2024	2025	2026	2027+	Total
CMHC SHA	2039	$ 12,814	$ 11,868	$ 11,068	$ 9,659	$ 8,394	$ 33,863	$ 87,666
CMHC Bilateral	2028	7,014	8,016	8,450	10,090	11,351	26,927	71,848
RCMP Lease	2041	101	101	101	101	101	1,511	2,016
		$ 19,929	$ 19,985	$ 19,619	$ 19,850	$ 19,846	$ 62,301	$161,530

12. 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 2022 contractual obligations are capital construction commitments for housing construction projects with contracts signed in 2021.

	Expiry Date	2022	2023	2024	2025	2026	2027+	Total
Lease	2031	$ 4,612	$ 4,393	$ 3,735	$ 2,431	$ 554	$ 1,490	$ 17,215
Capital obligation	2022	10,659	-	-	-	-	-	10,659
		$ 15,271	$ 4,393	$ 3,735	$ 2,431	$ 554	$ 1,490	$ 27,874

13. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of $30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act.* As at March 31, 2021 a total of 7 (2020 - 9) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $322 (2020 - $380). In 2021, there was no corporate loan guarantee (2020 - $12). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2028.

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, 2021 was $6,426 (2020 - $8,203). 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, 2021 is nil (2020 - nil).

14. EXPENSES BY OBJECT

	2021	2020
Amortization	$ 15,373	$ 14,528
Compensation and benefits	28,928	29,203
Computer costs	54	91
Contract services	6,633	6,006
Controllable assets	341	95
Fees and payments	157	260
Grants and contributions	14,195	14,944
Interest on long-term debt	354	398
Loss on TCA Disposal	369	535
Materials and supplies	2,563	2,479
Minor modernization and improvements	5,489	4,261
Other expenses	928	624
Property taxes and land leases	2,245	2,204
Purchased services	841	792
Rental leasing	3,738	3,919
Travel	420	868
Utilities	25,556	26,207
Valuation allowances	180	(77)
	$ 108,364	$ 107,337

15. 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:

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 regularly monitoring forecasted and actual cash flows. 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	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 25,920	$ -	$ -	$ 25,920
Loans payable to CMHC	624	2,766	1,880	5,270
Total financial liabilities	$ 26,544	$ 2,766	$ 1,880	$ 31,190

15. FINANCIAL RISK MANAGEMENT (continued)

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 $58,237 (2020 - $61,923).

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 $41,775 (2020 - $11,897).

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. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is $2,787 (2020 - $3,075).

As at March 31, 2021, $1,142 (2020 - $953) 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.

As at March 31, 2021, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days
Tenants rent receivable	$ 300	$ 182	$ 95	$ 110
Trade accounts receivable	19	-	-	109
Mortgages and loans receivable	39	87	137	220

The Corporation does not face cash flow interest rate risk on its loans payable to the Canada Mortgage and Housing Corporation 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.

16. OTHER TRANSFERS

In accordance with agreements signed in 2017 and 2018, the Corporation has and will receive public housing units from the Inuvialuit Regional Corporation (IRC). The IRC constructs the units on land owned or leased by the Corporation using funding provided directly to the IRC by Indigenous and Northern Affairs Canada. The units are transferred to the Corporation on completion for a nominal fee. The Corporation treats these tangible capital assets received as government transfers and accrues the tangible capital asset (including work in progress) and the related government transfer revenues as the units are constructed. During the year, IRC constructed and transferred to the Corporation one public housing unit (2020 - five units) with one unit still under construction (2020 - two units).

17. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Northwest Territories created departments, agencies and territorial Corporations. The Corporation enters into transactions with these entities 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.

	2021	2020
Related party expenses		
Arctic Energy Alliance	$ 50	$ 58
Aurora College	2	5
Fuel Services Division	3,183	3,491
Government of the Northwest Territories Departments	2,099	1,396
Marine Transportation Services	-	24
Northwest Territories Power Corporation	7,244	7,204
	$ 12,578	$ 12,178

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Schedule of Tangible Capital Assets
As at March 31, 2021
(in thousands)

Schedule A

Lands and Buildings:	**Cost**					**Accumulated amortization**				**Net Book Value (NBV)**	
	Opening balance	**Acquisitions**	**Transfers[1]**	**Disposals**	**Closing balance**	**Opening balance**	**Amortization**	**Disposals**	**Closing balance**	**2021**	**2020**
Land	$ 9,349	$ 26	$ -	$ -	$ 9,375	$ -	$ -	$ -	$ -	$ 9,375	$ 9,349
Public Housing[2]	388,481	84	17,288	(2,581)	403,272	176,680	10,928	(2,094)	185,514	217,758	211,801
HELP and market housing	98,799	-	3,246	(312)	101,733	32,263	3,474	(181)	35,556	66,177	66,536
Non-residential properties	8,246	-	-	-	8,246	4,006	212	-	4,218	4,028	4,240
Work in Progress[2]	19,349	21,630	(20,534)	-	20,445	-	-	-	-	20,445	19,349
Sub-total	524,224	21,740	-	(2,893)	543,071	212,949	14,614	(2,275)	225,288	317,783	311,275
Property and equipment:											
Warehouses and offices	12,890	-	-	-	12,890	6,459	322	-	6,781	6,109	6,431
Mobile equipment	3,394	303	-	-	3,697	2,288	252	-	2,540	1,157	1,106
Leasehold improvements	1,030	-	-	-	1,030	778	50	-	828	202	252
Office furniture and equipment	6,073	-	-	-	6,073	5,676	124	-	5,800	273	397
Software	114	-	-	-	114	77	11	-	88	26	37
Sub-total	23,501	303	-	-	23,804	15,278	759	-	16,037	7,767	8,223
Total	$ 547,725	$ 22,043	$ -	$ (2,893)	$566,875	$ 228,227	$ 15,373	$ (2,275)	$ 241,325	$ 325,550	$ 319,498

(1) Includes tangible capital assets transfers received from IRC with a value of $18,469 (2020 - $16,147) in Public Housing and $2,519 (2020 – $4,258) in Work in Progress.
(2) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of $2,063 (2020 - $1,133)

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2021

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2021 **Page**

Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4 - 5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Financial Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 13

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

Executive Director
Yellowknife, Northwest Territories
June 29, 2021

Crowe MacKay LLP
5103 51st Street, PO Box 727
Yellowknife, NWT X1A 2N5
Main +1(867) 920-4404
Fax +1(867) 920-4135
www.crowemackay.ca

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, 2021, 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, 2021 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.

Crowe

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.

Crowe Mackay LLP

Yellowknife, Northwest Territories
June 29, 2021

Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2021	2020
Revenue		
Legislative Assembly of the Northwest Territories		
- Operating grant	$ 180,000	$ 180,000
- Expense reimbursement (Note 5)	(7,592)	(39,752)
	172,408	140,248
Expenses		
Accounting	7,015	7,373
Advertising and promotion	7,333	20,702
Benefits and pension	707	1,659
Catering	-	1,419
Contracts - administration	560	530
Events	123	9,444
Honorarium - commission chair	15,461	21,848
Honorarium - commission members	10,454	32,641
Legal expenses	14,066	23,054
Membership fees	3,700	2,200
Office and administration	1,810	8,126
Professional development	10,468	5,615
Telephone	475	156
Travel - staff	-	1,210
	72,172	135,977
Excess revenue	**$ 100,236**	$ 4,271

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2021	2020
	Total	Total
Balance, beginning of year	**$ 179,772**	$ 175,501
Excess revenue	**100,236**	4,271
Balance, end of year	**$ 280,008**	$ 179,772

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31,	2021	2020
Assets		
Current		
Cash	$ 262,226	$ 181,459
Due from the Legislative Assembly of the Northwest Territories	24,408	2,748
Prepaid expenses	-	2,600
	$ 286,634	$ 186,807
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 6,626**	$ 7,035
Net Assets		
General Fund	**280,008**	179,772
	$ 286,634	$ 186,807

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,	**2021**	2020
Cash provided by (used in)		
Operating activities		
Excess revenue	$ 100,236	$ 4,271
Change in non-cash operating working capital		
Due from the Legislative Assembly of the Northwest Territories	(21,660)	301
Prepaid expenses	2,600	349
Accounts payable and accrued liabilities	(409)	(53)
Increase in cash	**80,767**	4,868
Cash, opening	**181,459**	176,591
Cash, closing	**$ 262,226**	$ 181,459

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 categorized COVID-19 as a pandemic. The potential economic effects within the Commission's 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 Commission's operations.

The pandemic and related containment measures have resulted in lower level of operations for the Commission. No significant influence has been noted on the Commission's ability to receive funding from the GNWT. The Commission does not expect significant impact from the pandemic on its ongoing operations.

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 Legislative Assembly of the Northwest Territories, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost.

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.

3. Accounting Policies (continued)

(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 makes expenses on behalf of the Commission and the expenses are not included in these financial statements. The salaries for 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.

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 travel expenses on behalf of the Commission. In the current year, $32,000 of the $180,000 funding was given to the Legislative Assembly of the Northwest Territories for travel. The GNWT spent $7,592 on behalf of the Commission and $24,408 is shown as a receivable.

5785 - Travel Commission Member
5893 - Registration - Commission Chair
Misc - Miscellaneous

	Account 5785	Account 5893	Account Misc	**TOTAL 2021**	TOTAL 2020
Administration	$ -	$ 1,320	$ 1,627	**$ 2,947**	$ 6,002
HR Meetings	-	-	-	**-**	10,385
CASHRA	-	-	-	**-**	13,368
Legal	-	-	1,645	**1,645**	-
Community Visits	-	-	-	**-**	1,885
Community Events	658	-	1,034	**1,692**	8,024
Publishing			987	**987**	
Materials	-	-	321	**321**	88
Total	**$ 658**	**$ 1,320**	**$ 5,614**	**$ 7,592**	$ 39,752

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 $262,226 (2020 - $181,459) 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 $286,634 (2020 - $184,207).

(b) Concentration of credit risk

The Commission does have concentration of credit risk. At March 31, 2021, receivables from one government agency comprised $24,408 (2020 - $2,748), representing 100% (2020 - 100%) of the total outstanding accounts receivables.

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.

8. Comparative amounts

Certain comparative amounts have been reclassified to conform with the presentation adopted for the current year.

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

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 appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Cory Strang
Interim Chief Executive Officer

Mark Matheson
Acting Controller

Hay River, NT
June 29, 2021

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 2021, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes 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 2021, 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.

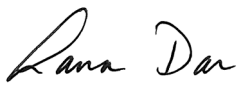
In our opinion, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories 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.



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

Vancouver, Canada
29 June 2021

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2021	2020
Financial assets		
Cash	$ 4,748	$ 2,003
Revenues receivable (Note 3)	13,292	14,077
Government contributions receivable (Note 17)	2,364	3,965
Loan receivable (Note 4)	9,741	11,076
Investment in Aadrii Ltd.	440	479
	30,585	**31,600**
Liabilities		
Operating line of credit (Note 5)	2	20,959
Accounts payable and accrued liabilities	20,342	28,551
Debenture debt (Note 6)	242,942	207,984
Asset retirement obligations (Note 7)	8,959	8,878
Environmental liabilities (Note 8)	14,368	16,521
Capital lease obligations (Note 4)	16,355	16,768
Other employee future benefits (Note 9)	2,831	2,937
Deferred government contributions (Note 17)	5,343	3,741
	311,142	**306,339**
Net debt	**(280,557)**	**(274,739)**
Non-financial assets		
Tangible capital assets (Note 10)	433,910	408,098
Inventories (Note 11)	9,025	9,127
Prepaid expenses	1,554	1,328
	444,489	**418,553**
Accumulated surplus / equity (Note 12)	**$ 163,932**	**$ 143,814**

Contractual obligations (Note 19)

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

Approved on behalf of the Board:

Stephen Loutitt, 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)

	2021 Budget	2021 Actual	2020 Actual
Revenues			
Sale of power (Note 13)	$ 109,692	$ 109,536	$ 109,806
Insurance proceeds (Note 17)	1,500	-	5,000
Fuel rider revenue	2,008	2,120	1,906
Other revenue and customer contributions (Note 14)	1,911	1,521	1,791
Interest income (Note 16)	1,081	1,091	1,213
(Loss) income from investment in Aadrii Ltd.	75	(39)	76
	116,267	**114,229**	**119,792**
Expenses (Note 15)			
Thermal generation	67,272	63,265	67,362
Hydro generation	22,245	20,646	19,486
Corporate services	15,247	14,465	15,152
Transmission, distribution and retail	11,576	11,036	10,849
Purchased power	2,806	2,063	3,229
Alternative power generation	249	218	240
	119,395	**111,693**	**116,318**
Surplus (Deficit) for the year before government contributions	**(3,128)**	**2,536**	**3,474**
Government contributions			
Other government contributions (Note 17)	45,584	17,582	13,745
	45,584	**17,582**	**13,745**
Surplus for the year	**$ 42,456**	**$ 20,118**	**$ 17,219**
Accumulated surplus / equity, beginning of year	143,814	143,814	126,595
Accumulated surplus / equity, end of year	**$ 186,270**	**$ 163,932**	**$ 143,814**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2021 Budget	2021 Actual	2020 Actual
Surplus for the year	$ 42,456	$ 20,118	$ 17,219
Tangible capital assets			
Additions	(102,504)	(39,796)	(44,224)
Capitalized overhead	(13,597)	(5,597)	(3,205)
Capitalized interest (Note 16)	(965)	(1,288)	(1,015)
Disposals	10,199	1,185	1,942
Amortization (Note 10)	19,897	19,684	17,676
	(86,970)	**(25,812)**	**(28,826)**
Additions of inventories	(7,500)	(7,687)	(5,259)
Use of inventories	7,500	7,789	5,447
Additions to prepaids	(1,700)	(2,992)	(2,238)
Use of prepaids	1,700	2,766	2,301
	-	**(124)**	**251**
Increase in net debt for the year	**$ (44,514)**	**$ (5,818)**	**$ (11,356)**
Net debt, beginning of year	**(274,739)**	**(274,739)**	**(263,383)**
Net debt, end of year	**$ (319,253)**	**$ (280,557)**	**$ (274,739)**

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)

	2021	2020
Cash provided by operating activities		
Cash receipts from customers	$ 113,766	$ 112,101
Insurance proceeds (Note 17)	-	5,000
Government contributions received (Note 17)	20,786	10,586
Cash paid to suppliers	(56,940)	(47,440)
Cash paid to employees	(30,448)	(31,949)
Interest paid	(10,011)	(10,272)
Interest received	85	86
	37,238	**38,112**
Cash provided by investing activities		
Loan receivable receipts (Note 4)	397	343
Distribution from Aadrii Ltd.	-	50
	397	**393**
Cash used in capital activities		
Acquisition and development of tangible capital assets	(48,978)	(46,182)
Proceeds on sale of tangible capital assets	139	26
	(48,839)	**(46,156)**
Cash provided by financing activities		
Issuance of debenture debt	40,000	-
Repayment of capital lease obligation (Note 4)	(8)	(48)
Repayment of debenture debt	(5,086)	(4,363)
(Repayment) proceeds from operating line of credit	(20,957)	11,918
	13,949	**7,507**
Increase (decrease) in cash	**$ 2,745**	**$ (144)**
Cash, beginning of year	2,003	2,147
Cash, end of year	**$ 4,748**	**$ 2,003**

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 to provide utility services in the Northwest Territories. 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 is required to review the affairs, earnings and accounts of NTPC a minimum of every three years. The regulatory hearing process used to establish or change rates typically begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes. Normally, NTPC applies for rates in advance of the applicable fiscal years (Test Years) to which the new rates will apply. In addition to GRAs, interim rate applications may be used between GRAs to deal with circumstances which could result in the use of interim rates or riders until the next GRA, when rates are reviewed and set as final.

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.

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 c/kWh to 0.99 c/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited.

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 statements of NT Hydro consist of the transactions and balances of NT Hydro and its wholly owned subsidiaries from the date that control commences until the date that control ceases. Inter-entity transactions and balances with wholly owned subsidiaries are eliminated upon consolidation. NT Hydro's investment in government business partnerships are accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances 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.

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. 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 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 2020-21 was 4.97% (2019-20 – 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) Transfers 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, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis. 2020-21 rates remain unchanged since 2016-17.

Annual amortization rates are as follows:

	2020-21 Rates (%)	2019-20 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

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.

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 point 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 property, plant and equipment 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 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 other 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 contingencies

The nature of NT Hydro's activities require entry into 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 contingencies 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 new standards effective April 1, 2022: PS 1201 Financial statement presentation, PS 2601 Foreign currency translation, PS 3041 Portfolio investments and PS 3450 Financial instruments.

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 future adoption of these standards.

NORTHWEST TERRITORIES HYDRO CORPORATION

3. Revenues receivable

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)
	$ 12,502	$ 790	$ -	$ 13,292

At March 31, 2020, the aging of revenues receivable was as follows:

	2020			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 12,820	$ 1,035	$ 311	$ 14,166
Non-utility	386	6	1	393
Allowance for doubtful accounts	-	(170)	(312)	(482)
	$ 13,206	$ 871	$ -	$ 14,077

The changes in the allowance for doubtful accounts were as follows:

	2021	2020
Balance, beginning of the year	$ (482)	$ (256)
Receivables written off	74	139
Change to allowance	(171)	(365)
Balance, end of the year	$ (579)	$ (482)

Revenues receivable on utility and non-utility accounts are generally due in 45 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2021, NT Hydro provided an allowance for doubtful accounts for its revenues receivable accounts with amounts outstanding longer than 90 days. 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 loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWTEC's debenture debt issued to finance the loan. It is due July 2026 and is repayable in equal monthly blended principal and interest payments of $195.

Loan receivable payments and the capital lease payments for the Snare Cascades are settled on a net basis and are presented on a net basis on the consolidated statement of cash flows. Loan receivable principal payments of $1,335 (2019-20 - $1,214) and interest income of $1,005 (2019-20 - $1,127) were offset by capital lease principal payments of $405 (2019-20 - $405) and interest expense of $1,538 (2019-20 - $1,593). As a result, the net cash receipt of $397 (2019-20 - $343) is disclosed in the consolidated statement of cash flows as loan receivable receipts.

Capital lease obligations

Snare Cascades

NTPC has an initial 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, 2021 was 8.92% (2019-20 – 9.03%). This rate is recalculated as part of the general rate application 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 arbitration. The renewal term will be based on the end of the useful life of the property 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).

A $4,000 guarantee from DPC's parent company, the Tlicho Investment Corporation and a blocked account agreement established by DPC provide collateral for the loan receivable. NWTEC has signing authority and full control over the blocked account in the event of default. At the beginning of each fiscal year, the balance in the blocked account must be equal to the top up payments (the difference between the loan payment made by DPC to NWTEC and the lease payment received by DPC from NTPC) required for the next 12 months.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 4. Loan receivable and capital lease obligations (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 obligations over the next five years and thereafter are as follows:

2022	$	1,886
2023		1,827
2024		1,764
2025		1,698
2026		1,629
Thereafter		36,140
		44,944
Less: amounts representing imputed interest		(28,589)
Total capital lease obligations	**$**	**16,355**

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and capital lease obligations can be found in Note 20.

Colville Lake Office

In 2016, NTPC entered into a capital lease arrangement for an office in Colville Lake with minimum monthly payments of $4 until June 1, 2020. The office was purchased in 2021 after the end of the lease term.

5. Operating line of credit

NTPC has a $50,000 (2019-20 - $40,000) operating line of credit with its bank. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2021, NTPC has borrowed $2 (2019-20 - $20,959) against the line of credit. In 2019-20 NTPC issued two letters of credit totalling $3,645 against its operating line of credit. These commitments terminate on March 31, 2022 and March 31, 2023.

NORTHWEST TERRITORIES HYDRO CORPORATION

6. Debenture debt

	2021	2020
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 55,472	$ 56,671
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	41,109	42,310
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922 (Note 18)	39,527	-
5.443% debenture, due August 1, 2028	25,000	25,000
5.995% debenture, due December 15, 2034	25,000	25,000
3.818% debenture, due November 25, 2052	25,000	25,000
5% debenture, 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	8,000	8,667
9.11% debenture series 3, due September 1, 2026 repayable in blended monthly payments of $73	3,737	4,248
9.75% debentures series 2, due October 1, 2025 repayable in blended monthly payments of $69	2,988	3,493
10% debenture series 1, due May 1, 2025 repayable in blended monthly payments of $70	2,807	3,337
	$ 243,640	$ 208,726
Less: unamortized premium, discount and issuance costs	(698)	(742)
	$ 242,942	$ 207,984

The GNWT guarantees all of the third party debenture debt.

Principal repayments for future years are as follows:

2022	2023	2024	2025	2026	Thereafter	Total
$ 5,834	$ 6,143	$ 6,473	$ 6,834	$ 20,995	$197,361	$ 243,640

NORTHWEST TERRITORIES HYDRO CORPORATION

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 and the remediation of contaminated sites.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $15,103 (2019-20 - $15,194).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 31 years with the majority occurring after 2039.
- The discount rate is the year-end cost of borrowing of 2.40% (2019-20 – 2.48%) for those obligations to be settled in less than 10 years and 3.12% (2019-20– 3.11%) for those obligations to be settled in 10 years or longer.

Following is a summary of the asset retirement obligations:

	2021	2020
Opening balance	$ 8,878	$ 8,456
Liabilities settled	-	(100)
Accretion expense	259	254
Valuation adjustment	(334)	(135)
Additions	156	403
Balance, end of year	$8,959	$ 8,878

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. NT Hydro estimates that it has 23 sites (2019-20 - 23 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NT Hydro 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 - $35,779 (2019-20 - $37,910).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 69 years with the majority occurring after 2044.
- The discount rate is the year-end cost of borrowing of 2.40% (2019-20 – 2.48%) for those obligations to be settled in less than 10 years and 3.12% (2019-20 – 3.11%) for those obligations to be settled in 10 years or longer.

Following is a summary of the estimated environmental liabilities:

	2021	2020
Opening balance	$ 16,521	$ 13,465
Liabilities settled	(171)	(126)
Valuation adjustment	(1,982)	3,182
Balance, end of year	$ 14,368	$ 16,521

The valuation adjustment relates to changes in the discount rate applied and changes to expected future cash flows. 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 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 (2019-20 – 1.00) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2019-20 – 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 $182 (2019-20 - $173) was 3.59 times (2019-20 – 3.80) the employees' contributions. Employer contributions of $2,306 (2019-20 - $2,349) were recognized as an expense in the current year. The employees' contribution to this plan was $2,188 (2019-20 - $2,219).

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:

	2021			2020		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Accrued benefit obligation, beginning of year	$ 3,089	$ 250	$ 3,339	$ 3,534	$ 299	$ 3,833
Benefits earned	295	21	316	284	20	304
Interest	80	6	86	95	8	103
Benefits paid	(415)	(158)	(573)	(525)	(140)	(665)
Actuarial (gains) losses	(250)	102	(148)	(299)	63	(236)
Accrued benefit obligation, end of year	2,799	221	3,020	3,089	250	3,339
Unamortized net actuarial gain/(loss)	144	(333)	(189)	(127)	(275)	(402)
Net future obligation	$ 2,943	$ (112)	$ 2,831	$ 2,962	$ (25)	$ 2,937

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 benefit and sick leave plan include the following components:

	2021	2020
Current benefits earned	$ 316	$ 304
Interest	86	103
Plan amendments	-	-
Amortization of net actuarial loss	65	93
	$ 467	$ 500

The actuarial valuation reflects management's best estimate based upon a number of assumptions about a number of future events including:

	2021	2020
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	2.7%	2.6%
Expected average remaining service life of related employee groups (EARSL)	8.5 years	8.5 years

NORTHWEST TERRITORIES HYDRO CORPORATION

10. Tangible capital assets

	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**

	March 31, 2020					
	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	$ 356,368	$ 102,989	$ 71,497	$ 28,733	$ 28,125	$ 587,712
Additions	268	-	-	-	48,176	48,444
Transfers – completed projects	11,576	2,542	3,961	-	(18,079)	-
Disposals and adjustments	(1,798)	(602)	(1,625)	-	-	(4,025)
Closing balance	366,414	104,929	73,833	28,733	58,222	632,131
Accumulated amortization						
Opening balance	(128,300)	(35,432)	(35,487)	(9,221)	-	(208,440)
Amortization	(10,527)	(2,517)	(4,172)	(460)	-	(17,676)
Disposals and adjustments	824	165	1,094	-	-	2,083
Closing balance	(138,003)	(37,784)	(38,565)	(9,681)	-	(224,033)
Net book value	**$ 228,411**	**$ 67,145**	**$ 35,268**	**$ 19,052**	**$ 58,222**	**$ 408,098**

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Inventories

	2021	2020
Materials, supplies and lubricants	$ 5,253	$ 4,802
Critical spare parts	3,483	4,046
Fuel	289	279
	$ 9,025	$ 9,127

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

	2021	2020
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	120,803	100,685
	$ 163,932	$ 143,814

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, 2021, 1 common share (2019-20 – 1 common share), at $43,129 per share (2019-20 – $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

	2021	2020
Power sales to external customers	$ 81,954	$ 81,527
Power sales to GNWT and related parties	16,441	17,638
GNWT TPSP payments	6,442	6,198
GNWT HSP payments	4,699	4,443
	$ 109,536	$ 109,806

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

	2021	2020
Heat revenues	$ 370	$ 398
Pole rental	346	346
Contract work	343	411
Connection fees	302	456
Contributions in aid of construction	160	180
	$ 1,521	$ 1,791

15. Expenses

The following is a summary of the expenses for the year by object:

	2021	2020
Salaries and wages	$ 30,320	$ 27,370
Fuel and lubricants (Note 19)	27,178	31,024
Amortization (Note 10)	19,684	17,676
Supplies and services	19,471	22,295
Interest expense (Note 16)	11,569	11,906
Travel and accommodation	2,033	2,279
Loss on disposal of assets	1,179	3,514
Accretion on ARO (Note 7)	259	254
	$ 111,693	$ 116,318

16. Interest expense and interest income

Interest expense

	2021	2020
Interest on debenture debt and capital leases (Notes 4, 6)	$ 12,526	$ 12,445
Short-term debt financing costs	331	476
Capitalized interest during construction	(1,288)	(1,015)
	$ 11,569	$ 11,906

Interest income

	2021	2020
Income on loan receivable (Note 4)	$ 1,005	$ 1,127
Income from overdue accounts and bank balances	86	86
	$ 1,091	$ 1,213

NORTHWEST TERRITORIES HYDRO CORPORATION

17. Other government contributions

Investing in Canada Infrastructure Program

In 2019-20 NT Hydro's wholly owned subsidiaries entered into three 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 expires March 31, 2022. During the year, NTPC received payments of $11,269 (2019-20 - $0). As of March 31, 2021, NTPC has incurred $13,575 of eligible expenditures. The amount of eligible expenditures incurred in excess of the amount received, $2,306 (2019-20 - $3,469), has been recorded as a receivable.

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 expires March 31, 2022. During the year, NTPC received payments of $2,775 (2019-20 - $0). As of March 31, 2021, NTPC has incurred $2,077 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $698, has been recorded as a deferred liability. As at March 31, 2020, the amount of eligible expenditures incurred exceeded the amount received and the remainder, $303, was recorded as a receivable.

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 $2,350 (2019-20 - $0). As of March 31, 2021, NTPC has incurred $719 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,631, has been recorded as a deferred liability. As at March 31, 2020, the amount of eligible expenditures incurred exceeded the amount received and the remainder, $136, was recorded as a receivable.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

In 2018-19 NT Hydro's wholly owned subsidiaries entered into three agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program 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, 2021, the amount of additional insurance proceeds cannot be reasonably estimated.

During the year NTPC received payments of $0 (2019-20 - $2,190). Lifetime payments of $8,190 have been received. As of March 31, 2021, NTPC has incurred $7,464 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $726 (2019-20 - $1,994), 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. During the year, the agreement's expiry date was extended to March 31, 2022. During the year, NTPC received payments of $1,200 (2019-20 - $4,400). Lifetime payments of $5,600 have been received. As of March 31, 2021, NTPC has incurred $5,083 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $517 (2019-20 - $1,186), 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 $30,000. During the year, the agreement expiry date was extended to March 31, 2023. During the year, NT Energy received payments of $2,588 (2019-20 - $3,600). As of March 31, 2021, NT Energy has incurred $5,698 (2019-20 - $4,320) of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,750, (2019-20 - $540) 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:

	2021 Budget	2021 Actuals	2020 Actuals	Total Lifetime Costs
Taltson Hydroelectric Overhaul				
Salaries and wages		$ 19	$ 5	$ 24
Supplies and services		10,084	3,431	13,515
Transportation costs		3	33	36
	$ 7,322	**$ 10,106**	**$ 3,469**	**$ 13,575**
Lutsel K'e Diesel Plant				
Salaries and wages		$ 8	$ 5	$ 13
Supplies and services		1,765	295	2,060
Transportation costs		1	3	4
	$ 2,011	**$ 1,774**	**$ 303**	**$ 2,077**
Fort Simpson LNG				
Salaries and wages		$ 91	$ 20	$ 111
Supplies and services		490	116	606
Transportation costs		2		2
	$ 2,983	**$ 583**	**$ 136**	**$ 719**
Snare Forks Overhauls				
Salaries and wages		$ 114	$ 18	$ 350
Supplies and services		1,070	2,802	6,644
Transportation costs		84	312	470
	$ 8,060	**$ 1,268**	**$ 3,132**	**$ 7,464**
Sachs Harbour Plant Replacement				
Salaries and wages		$ 17	$ 4	$ 40
Supplies and services		1,841	3,157	4,998
Transportation costs		11	34	45
	$ 3,242	**$ 1,869**	**$ 3,195**	**$ 5,083**
Inuvik Wind				
Salaries and wages		$ 270	$ 85	$ 554
Supplies and services		1,110	3,005	5,077
Transportation costs		(2)	44	66
	$ 21,618	**$ 1,378**	**$ 3,134**	**$ 5,697**
Total ICIP contributions	**$ 45,236**	**$ 16,978**	**$ 13,369**	**$ 34,615**

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

Other agreements

In 2020-21, 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 was received and recognized as revenue in 2020-21.

The second agreement was to support lease costs for the NT Energy office in Hay River. The total agreement was for $98, all of which was received and $98 was recognized as revenue in 2020-21.

The third agreement was to fund a shortfall in the exploration of mining customers in 2016. There was an outstanding balance of $256 received in full and recognized as revenue in 2020-21.

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:

	2021	2020
Revenues		
Other revenue	$ 341	$ 439
Fuel rider revenue	458	426
	$ 799	$ 865
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 19)	$ 21,418	$ 25,405
Other operating expenses	1,128	1,017
	$ 22,546	$ 26,422
Financial assets		
Revenues receivable		
Utility	$ 966	$ 1,613
Non-utility	2	14
	$ 968	$ 1,627
Liabilities		
Accounts payable to FSD for fuel (Note 19)	$ 3,007	$ 7,333
Other accounts payable and accrued liabilities	44	56
	$ 3,051	$ 7,389
Debenture Debt		
Due to GNWT	$ 39,527	$ -

19. Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2021.

	Expiry	2022	2023 and subsequent
Operational and lease commitments	2022	$ 11,061	$ 234

Capital projects

NT Hydro has contractual obligations totalling $33,365 related to capital projects, of which all payments are expected to be made in 2021-22.

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.

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.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 20. Financial instruments and risk management (continued)

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.

	2021	2020
Revenues receivable	$ 13,292	$ 14,077
Government contributions receivable	2,364	3,965
Loan receivable	9,741	11,076
Cash	4,748	2,003
	$ 30,145	$ 31,121

Revenues receivable

NTPC 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 (2019-20 - 37%) of NTPC's sales are to two other utilities. Twenty-six percent (2019-20 - 26%) of sales, 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. See Note 4 for additional details.

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.

b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NT Hydro 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 NT Hydro 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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 20. Financial instruments and risk management (continued)

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, Snare capital lease obligation and the associated loan receivable:

	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)
	$ 5,381	$ 44,025	$ 151,776	$ 74,919	$ 276,101

	March 31, 2020				
	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	$ 4,613	$ 41,284	$ 115,323	$ 47,506	$ 208,726
Operating line of credit	20,959	-	-	-	20,959
Capital lease obligation	1,952	8,804	19,007	17,133	46,896
Loan receivable	(2,341)	(11,704)	(780)	-	(14,825)
	$ 25,183	$ 38,384	$ 133,550	$ 64,639	$ 261,756

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.

NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD

AUDITED FINANCIAL STATEMENTS

March 31, 2021

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2021

Page

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

Statement I	Statement of Financial Position	1
Statement II	Statement of Operations	2
Statement III	Statement of Changes in Net Financial Assets	3
Statement IV	Statement of Cash Flows	4
	Notes to the Financial Statements	5-8

YELLOWKNIFE
ACCOUNTING
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL
ACCOUNTANTS

P.O. Box 20072,
4910 – 50th Street
2nd Floor
EPR Yellowknife Building
Yellowknife, NT X1A 3X8

Phone: (867) 669-0242
Fax: (867) 669-7242

www.epryellowknife.ca

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, 2021, 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, 2021, 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:

An Independent
Canadian Member
of AGN International

- 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
Chartered Professional Accountants
Yellowknife, Northwest Territories
June 28, 2021

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



Doug Rankin, Executive Director
Northwest Territories Surface Rights Board
June 8, 2021

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF FINANCIAL POSITION
As At March 31, 2021

Statement 1

		2021		2020
FINANCIAL ASSETS				
Cash & cash equivalents	$	182,008	$	116,292
Accounts receivable (Note 4)		52		58
TOTAL FINANCIAL ASSETS		**182,060**		**116,350**
LIABILITIES				
Current liabilities				
Accounts Payable (Note 5)		132,973		99,622
Deferred Revenue (Note 6)		51,116		18,371
		184,089		**117,993**
NET FINANCIAL ASSETS		**(2,029)**		**(1,643)**
NON FINANCIAL ASSETS				
Prepaid Expenses		2,029		1,643
		2,029		1,643
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, 2021

Statement II

	2021	2020
REVENUE		
Government of NWT Contributions	313,189	306,490
Prior year surplus	18,372	33,945
Interest revenue	325	623
Transferred to deferred revenue	(51,117)	(18,371)
TOTAL REVENUE	**280,769**	**322,687**
OPERATING EXPENSES		
Advertising and external communication	900	1,862
Bank charges and interest	531	519
Board travel and other costs	2,024	14,939
Honorarium	54,429	44,849
Insurance	2,008	1,991
Information technology and computer costs	995	35,673
Office and other supplies	29,723	5,750
Professional fees	74,511	135,817
Rent	51,604	13,758
Staff Travel and training	3,423	6,042
Telephone, fax and Internet	2,723	3,404
Wages and Benefits	57,898	58,083
TOTAL EXPENSES	**280,769**	**322,687**
OPERATING SURPLUS FOR THE YEAR	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
ACCUMULATED SURPLUS, END OF YEAR	**$ -**	**$ -**

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

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For The Year Ended March 31, 2021

Statement III

		2021		2020
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**$**	**(1,643)**	**$**	**(1,444)**
Items Affecting Net Financial Asset:				
Operating surplus for the year		-		-
Acquisition of Prepaid		(386)		(199)
NET FINANCIAL ASSETS, END OF YEAR	**$**	**(2,029)**	**$**	**(1,643)**

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement IV**
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2021

	2021	2020
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 (increase) in accounts receivable	6	(6)
Increase in prepaid expenses	(387)	(199)
Increase in accounts payable	33,352	15,370
Increase (decrease) in deferred revenue	32,745	(15,574)
	65,716	(409)
Net increase (decrease) in cash and equivalents	65,716	(409)
Cash and equivalents, beginning of year	116,292	116,701
CASH AND EQUIVALENTS, END OF YEAR	**182,008**	**116,292**
Cash consists of :		
Cash in bank	182,008	91,292
GIC	-	25,000
	$ 182,008	**$ 116,292**

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 riks 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.

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 3280-Asset retirement obligations: This new section establishes standards on how to account for and report a liability for asset retirement obligations. This section is effective for fiscal periods beginning on or after April 1, 2021. The impact of the transition to these accounting standards has not yet been determined.

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

		2021		2020
GNWT	$	-	$	5
Interest Receivable		52		53
	$	**52**	**$**	**58**

5. ACCOUNTS PAYABLE

		2021		2020
Trades payable	$	88,481	$	63,109
Wages and honoraria fee payable		28,639		35,099
Vacation payable		321		903
WCB payable		211		275
Payroll remittances payable		14,374		-
GNWT payroll tax payable		947		236
	$	**132,973**	**$**	**99,622**

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 $51,116 is repayable to GNWT.

		2021		2020
Balance, beginning of year	$	18,371	$	33,945
Deferred Revenue recognized as revenue during for the year		(18,371)		(33,945)
Deferred revenue for processing applications		51,116		18,371
Balance, end of year	**$**	**51,116**	**$**	**18,371**

7. COVID-19 IMPACT

In January 2020, the World Health Organization declared a public health emergency due to the spread of the COVID-19. By March 2020, a series of outbreaks in Canada, led the federal government to implement various restrictive measures designed to curb the spread of the virus. Following suit, the Territorial Government of Northwest Territories enacted measures of similar intent. The impact of the measures has led to widespread economic uncertainty.

Management has assessed the impact of the COVID-19 and the impact of the Federal and Territorial Government's restrictive measures, and has determined that there is no impact on the amounts and information reported in the financial statements as at March 31, 2021 and that subsequent to year end, the impact of the measures to combat the spread of the virus have not caused a significant change to the assets and liabilities of the Board. Management does not foresee there will be any going concern issue as the Board is fully funded by the Government of Northwest Territories.

8. 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.

9. 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, 2021.

10. COMMITMENTS

The Board is committed to estimated annual payments under rental lease agreement over the next five years as follows.

2022	$26,430
2023	$26,430
2024	$26,430
2025	$26,430
2026	$26,430

	$132,150

STATUS OF WOMEN COUNCIL OF THE NWT

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2021

TABLE OF CONTENTS

	Page
Management's Responsibility for Reporting	
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 13
Schedule of Core	14
Schedule of Family Violence Prevention Month	15
Schedule of Gender Equity	16
Schedule of NGO Stabilization Fund	17

Schedule of Leadership Forums 18

Schedule of Wise Women Awards 19

Schedule of Workplace Sexual Harassment 20

Schedule of Crime Week 21

Schedule of Campaign School 22

Schedule of Vigil 23

Schedule of Elimination Of Violence 24

Schedule of Lens and Language 25

Schedule of Missing and Murdered Indigenous Women And Girls 26

Schedule of Women's Gatherings 27

Schedule of Expenses by Object 28

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 23, 2021

AVERY COOPER & CO. LTD.
Chartered Professional Accountants

4918—50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
www.averycooper.com

Telephone: (867) 873-3441
Facsimile: (867) 873-2353
Toll-Free: 1-800-661-0787

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, 2021, 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, 2021, and its results of 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 10 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.

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.

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.
Chartered Professional Accountants
Yellowknife, NT

June 23, 2021

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF FINANCIAL POSITION
March 31, 2021

ASSETS

	2021	2020
CURRENT		
Cash	$ 8,185	$ 136,492
Accounts receivable (note 3)	114,515	13,835
	122,700	150,327
DESIGNATED CASH	81,745	81,732
TANGIBLE CAPITAL ASSETS (note 4)	7,601	8,878
	$ 212,046	$ 240,937

LIABILITIES

CURRENT		
Trade payables and accruals (note 5)	$ 28,354	$ 64,983
Wages and benefits payable (note 6)	36,367	35,258
Deferred revenue (note 7)	28,057	59,049
Government remittances payable	16,129	11,110
	108,907	170,400
CONTINGENCIES (note 8)		

FUND BALANCES

UNRESTRICTED SURPLUS (DEFICIT) per page 3	13,806	(20,073)
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	7,601	8,878
CONTINGENCY FUND per page 3	51,732	51,732
BENEFITS FUND per page 3	30,000	30,000
	103,139	70,537
	$ 212,046	$ 240,937

Approved:

Member

Member

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF OPERATIONS

For the year ended March 31, 2021

	2021	2020
REVENUES		
Core - Schedule 1	$ 515,693	$ 475,108
Family Violence Prevention Month - Schedule 2	53,000	53,000
Gender Equity - Schedule 3	48,468	83,115
NGO Stabilization Fund - Schedule 4	-	22,262
Leadership Forums - Schedule 5	-	39,613
Wise Women Awards - Schedule 6	23,456	22,225
Workplace Sexual Harassment - Schedule 7	255,530	8,338
Crime Week - Schedule 8	-	8,500
Campaign School - Schedule 9	-	419
Vigil - Schedule 10	2,500	1,114
Elimination of Violence - Schedule 11	20,068	16,932
Lens and Language - Schedule 12	24,150	-
Missing and Murdered Indigenous Women and Girls - Schedule 13	70,250	-
Women's Gatherings - Schedule 14	-	625
	1,013,115	731,251
EXPENSES		
Core - Schedule 1	483,104	478,159
Family Violence Prevention Month - Schedule 2	53,000	53,000
Gender Equity - Schedule 3	48,468	83,115
NGO Stabilization Fund - Schedule 4	-	22,262
Leadership Forums - Schedule 5	-	39,613
Wise Women Awards - Schedule 6	23,456	22,225
Workplace Sexual Harassment - Schedule 7	255,525	8,338
Crime Week - Schedule 8	-	8,500
Campaign School - Schedule 9	-	419
Vigil - Schedule 10	2,499	1,114
Elimination of Violence - Schedule 11	20,068	16,932
Lens and Language - Schedule 12	24,143	-
Missing and Murdered Indigenous Women and Girls - Schedule 13	70,250	-
Women's Gatherings - Schedule 14	-	625
	980,513	734,302
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 32,602	$ (3,051)

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2021

	2021				
	Unrestricted Surplus (Deficit)	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
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	1,277	(1,277)	-	-	-
BALANCE, closing	$ 13,806	$ 7,601	$ 51,732	$ 30,000	$ 103,139

	2020				
	Unrestricted Deficit	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
BALANCE, opening	$ (7,978)	$ 12,684	$ 38,882	$ 30,000	$ 73,588
Deficiency of revenues over expenses	(3,051)	-	-	-	(3,051)
Transfers	(12,850)	-	12,850	-	-
Amortization of tangible capital assets	3,806	(3,806)	-	-	-
BALANCE, closing	$ (20,073)	$ 8,878	$ 51,732	$ 30,000	$ 70,537

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and donations	$ 810,430	$ 632,192
Cash paid for materials and services	(550,910)	(308,027)
Cash paid for wages and benefits	(387,814)	(321,080)
	(128,294)	3,085
CASH FLOWS FROM INVESTING ACTIVITY		
Decrease in marketable securities	-	81,732
(DECREASE) INCREASE IN CASH	(128,294)	84,817
CASH, opening	218,224	133,407
CASH, closing	$ 89,930	$ 218,224
REPRESENTED BY:		
Cash	$ 8,185	$ 136,492
Designated cash	81,745	81,732
	$ 89,930	$ 218,224

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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:

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:

Equipment	20%
Computer equipment	30%

(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.

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

	2021	2020
GNWT - Health & Social Services	$ 25,076	$ 13,000
Canada - Justice Partnership and Innovation Program	89,439	835
	$ 114,515	$ 13,835

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

4. TANGIBLE CAPITAL ASSETS

	2021			2020
	Cost	Accumulated amortization	Net	Net
Equipment	$ 4,870	$ 4,870	$ -	$ 645
Computer equipment	58,081	50,480	7,601	8,233
	$ 62,951	$ 55,350	$ 7,601	$ 8,878

5. TRADE PAYABLES AND ACCRUALS

	2021	2020
Trade payables	$ 1,940	$ 41,426
Scotiabank Visa	8,289	8,325
Accrued liabilities	18,125	15,232
	$ 28,354	$ 64,983

6. WAGES AND BENEFITS PAYABLE

	2021	2020
Wages payable	$ 12,449	$ 6,971
Severance liability	5,365	10,142
Vacation and lieu payable	18,553	18,145
	$ 36,367	$ 35,258

7. DEFERRED REVENUE

Deferred revenue as at March 31, 2021, consists of the following:

	2021	2020
Elimination of Violence	$ -	$ 68
Government of Canada - Gender Equity	-	48,468
Wise women	8,819	7,275
NGO Stabilization	19,238	3,238
	$ 28,057	$ 59,049
Deferred revenue, opening	$ 59,049	$ 102,628
Receipts	41,000	25,568
Funding expended	(71,992)	(69,147)
	$ 28,057	$ 59,049

8. CONTINGENCIES

Before year-end, 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 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.

9. CONTRACTUAL RIGHTS

As at March 31, 2021, 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:

9. CONTRACTUAL RIGHTS, continued

	GNWT - Department of Status of Women	Canada Justice Partnership and Innovation Program	Total
2022	$ 444,000	$ 310,218	$ 754,218
2023	444,000	503,426	947,426
2024	444,000	490,615	934,615
2025	444,000	-	444,000
2026	444,000	-	444,000
	$ 2,220,000	$ 1,304,259	$ 3,524,259

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

	2021	2020
Government grants and contributions	$ 892,579	$ 644,029
Contributed rent	71,000	71,000
Sponsorship, donations and events	2,986	6,115
Administration fees	46,538	9,054
Interest income	12	1,053
	$ 1,013,115	$ 731,251

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

12. COMMITMENT

As at March 31, 2021, the Council has outstanding quarterly commitments of $1,356 with respect to an office equipment lease expiring March 31, 2026 as follows:

2022	$ 5,424
2023	5,424
2024	5,424
2025	5,424
2026	5,424
	$ 27,120

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:

	2021	2020
Benefits Fund	$ 30,000	$ 30,000

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:

	2021	2020
Contingency Fund	$ 51,732	$ 38,882
Transfer from unrestricted surplus	-	12,850
Contingency Fund, closing	$ 51,732	$ 51,732

The Council maintains designated cash to cover the required fund balance. There are sufficient funds to cover the balance in the current year.

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, 2021, the Council has a $20,000 (2020 - $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.

	2021	2020
Revenue		
GNWT - Executive & Indigenous Affairs	$ 417,456	$ 431,780
GNWT - Department of Justice	47,067	44,000
GNWT - Health & Social Services	50,150	26,000
GNWT - Municipal & Community Affairs	-	22,262
GNWT - Infrastructure (Contributed rent)	71,000	71,000
GNWT - Women's Initiative Grant	-	7,375
	$ 585,673	$ 602,417
Expenses		
GNWT - Infrastructure (Contributed rent)	$ 71,000	$ 71,000
GNWT - Financial Shared Services	3,077	7,269
Northwest Territories Health and Social Services Authority	1,250	1,250
	$ 75,327	$ 79,519

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.

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, 2021

SCHEDULE - CORE **Schedule 1**

	2021	2020
REVENUES		
GNWT - Executive & Indigenous Affairs	$ 393,999	$ 394,000
GNWT - Infrastructure - Contributed Rent	71,000	71,000
Administration Recovery	46,538	7,907
Miscellaneous	4,156	2,201
	515,693	475,108
EXPENSES		
Advertising & Promotion	2,970	453
Amortization	1,277	3,806
Catering	-	1,048
Computer Services	7,498	7,015
Contributed Rent	71,000	71,000
Equipment Rental	7,554	9,066
Honoraria	7,250	12,550
Interest & Bank Charges	77	154
Mail Service	995	1,320
Meetings	1,996	169
Professional Development - Staff	7,441	7,094
Professional/Contract Services	39,004	32,505
Resources/Subscriptions	2,198	2,245
Supplies	5,253	2,051
Technology	1,927	4,413
Telecommunications	10,050	8,168
Travel	5,500	18,402
Wages & Benefits	311,114	296,700
	483,104	478,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 32,589	$ (3,051)

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

SCHEDULE - FAMILY VIOLENCE PREVENTION MONTH

Schedule 2

	2021	2020
REVENUES		
GNWT - Justice	$ 27,000	$ 27,000
GNWT - Health & Social Services	26,000	26,000
	53,000	53,000
EXPENSES		
Administration	3,169	3,045
Community Events	34,545	34,950
FV Resource Package	9,828	6,825
Marketing & Communications	2,605	4,495
Postage & printing	1,752	2,669
YK Event	1,101	1,016
	53,000	53,000
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

SCHEDULE - GENDER EQUITY **Schedule 3**

	2021	2020
REVENUES		
Government of Canada	$ -	$ 50,000
Deferred Revenue	48,468	33,115
	48,468	83,115
EXPENSES		
Administration	5,105	6,103
Facility Rental	2,500	-
Marketing & Communications	30,640	-
Materials & Supplies	223	103
Professional Fees	-	5,000
Project Management	-	25,000
Project Travel	-	28,909
Wages & Benefits	10,000	18,000
	48,468	83,115
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - NGO STABILIZATION FUND **Schedule 4**

	2021	2020
REVENUE		
GNWT - Municipal & Community Affairs	$ -	$ 25,500
Deferred Revenue	-	(3,238)
	-	22,262
EXPENSES		
Professional Fees	-	20,000
Project Travel	-	2,262
	-	22,262
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - LEADERSHIP FORUMS **Schedule 5**

	2021	2020
REVENUE		
INAC	$ -	$ 36,738
Grants	-	2,875
	-	39,613
EXPENSES		
Catering	-	2,888
Facility Rental	-	2,865
Honoraria	-	1,001
Marketing & Communications	-	484
Materials & Supplies	-	632
Printing & Postage	-	379
Professional Fees	-	23,000
Project Travel	-	8,104
Volunteer Appreciation	-	260
	-	39,613
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - WISE WOMEN AWARDS **Schedule 6**

	2021	2020
REVENUES		
Deferred Revenue	$ 7,275	$ 12,725
Grants, Sponsorships	16,181	9,500
	23,456	22,225
EXPENSES		
Awards & Recognition	4,372	3,146
Catering	9,816	3,886
Freight/Transportation	168	-
Marketing & Communications	6,139	4,003
Materials & Supplies	15	-
Print/Publication & Distribution	50	-
Program Delivery	1,000	-
Project Travel	1,896	11,190
	23,456	22,225
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - WORKPLACE SEXUAL HARASSMENT **Schedule 7**

	2021	2020
REVENUE		
Justice Canada	$ 255,530	$ 8,338
EXPENSES		
Accounting & Legal	5,000	2,000
Administration	33,330	1,088
Honoraria	3,000	-
Marketing & Communications	20,000	-
Office Equipment	8,820	-
Operating	5,220	250
Print/Publication & Distribution	1,840	-
Professional Fees	43,500	-
Program Delivery	69,000	-
Project Travel	415	-
Wages & Benefits	65,400	5,000
	255,525	8,338
EXCESS OF REVENUES OVER EXPENSES	$ 5	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - CRIME WEEK **Schedule 8**

	2021	2020
REVENUE		
Justice Canada	$ -	$ 8,500
EXPENSES		
Administration	-	132
Catering	-	3,636
Marketing & Communications	-	2,243
Materials & Supplies	-	775
Printing & Postage	-	231
Speaker Fees	-	1,483
	-	8,500
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - CAMPAIGN SCHOOL **Schedule 9**

	2021	2020
REVENUE		
Deferred Revenue	$ -	$ 419
EXPENSES		
Administration	-	419
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - VIGIL **Schedule 10**

	2021	2020
REVENUE		
Sponsorship, Donations & Events	$ 2,500	$ 1,114
EXPENSES		
Catering	16	-
Facility Rental	-	300
Marketing & Communications	1,175	557
Materials & Supplies	1,308	257
	2,499	1,114
EXCESS OF REVENUES OVER EXPENSES	$ 1	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - ELIMINATION OF VIOLENCE **Schedule 11**

	2021	2020
REVENUE		
GNWT - Justice	$ 20,000	$ 17,000
Deferred Revenue	68	(68)
	20,068	16,932
EXPENSES		
Administration	1,000	1,700
Catering	-	4,124
Freight/Transportation	680	167
Marketing & Communications	-	298
Materials & Supplies	18,388	8,259
Project Travel	-	2,384
	20,068	16,932
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - LENS AND LANGUAGE **Schedule 12**

	2021	2020
REVENUE		
GNWT - Health and Social Services	$ 24,150	$ -
EXPENSES		
Administration	1,150	-
Marketing & Communications	3,993	-
Professional Fees	4,000	-
Program Delivery Costs	15,000	-
	24,143	-
EXCESS OF REVENUES OVER EXPENSES	$ 7	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - MISSING AND MURDERED INDIGENOUS WOMEN AND GIRLS **Schedule 13**

	2021	2020
REVENUE		
Indigenous Services Canada	$ 69,850	$ -
Donation	400	-
	70,250	-
EXPENSES		
Administration	6,350	-
Catering	15,000	-
Freight/Transportation	1,581	-
Marketing & Communications	7,278	-
Materials & Supplies	3,091	-
Professional Fees	36,950	-
	70,250	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - WOMEN'S GATHERINGS **Schedule 14**

	2021	2020
REVENUES		
GNWT - Executive & Indigenous Affairs	$ -	$ 2
Deferred Revenue	-	623
	-	625
EXPENSES		
Administration	-	625
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Schedule - EXPENSES BY OBJECT **Schedule 15**

	2021	2020
Advertising & Promotion	$ 76,552	$ 12,533
Amortization	1,277	3,806
Administration Fees	50,104	13,689
Awards/Volunteer Appreciation	4,372	3,146
Computer	18,324	11,428
Community Events	64,974	58,709
Equipment Rental	7,554	9,066
Equipment Use	3,766	2,442
Freight/Postage	3,345	4,767
Office and administration	5,220	250
Honoraria	10,250	13,550
Interest & Bank Charges	77	154
Office Supplies	5,476	1,566
Print/Publication & Distribution	1,890	-
Professional/Contract Services	208,687	105,064
Resources & Subscriptions	35,828	19,004
Rent	71,000	71,300
Telecommunications	10,051	8,167
Travel and Accommodation	7,811	68,867
Wages & Benefits	393,955	326,794
	$ 980,513	$ 734,302

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)

	2020/21 Actuals	2020/21 Revised Estimates	2020/21 Main Estimates	2019/20 Actuals
Authorized Limit	**1,500**	**1,500**	**1,500**	**1,500**
Opening Accounts Receivable	1,281	1,281	1,495	1,659
Advances to Trappers	488	328	790	466
Repayment of Fur Account Loans	(538)	(332)	(795)	(844)
Closing Accounts Receivable	**1,231**	**1,277**	**1,490**	**1,281**
Cash	(2,505)			**(2,930)**
Other Asset Accounts	3			**1**
Asset (Liability) Accounts	190			**335**
Clearing Accounts	63			**63**
Closing Balance Fund 12	**(1,018)**			**(1,250)**
Authorized limit	**1,500**			**1,500**

The information provided within this working paper addresses all requirements of YE Directive #50 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 13th, 2021.

Jessica St.Arnaud, DFA

May 12, 2021

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Financial Statements

March 31, 2021

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Financial Statements

March 31, 2021 **Page**

Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4 - 5
Statement I - Statement of Financial Position	6
Statement II - Statement of Changes in Net Financial Debt	7
Statement III - Statement of Operations	8
Statement IV - Statement of Accumulated Surplus (Deficit)	9
Statement V - Statement of Cash Flows	10
Notes to Financial Statements	11 – 26

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
Yellowknife, Northwest Territories
June 29, 2021

Independent Auditors' Report

To the Minister of Infrastructure
Government of the Northwest TerritoriesMarine 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, 2021, and the statements of operations, changes in net debt, accumulated surplus (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, except for the 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, 2021, and its results of operations 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 Fund that are administrated 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 compensation 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 for the year ended March 31, 2021 and for the year ended March 31, 2020, and payroll liabilities, employee future benefits, net financial resources, and accumulated surplus (deficit) as at March 31, 2021 and March 31, 2020, as well as note disclosures associated with transactions and year end balances relating to compensation and benefits.

We were not able to observe the counting of the physical inventories at March 31, 2020 and were unable to satisfy ourselves regarding opening inventory quantities by means of other audit procedures. Accordingly we were unable to determine if further adjustments may be necessary to expenses, deficiency of revenue over expenses and cash flow from operations for the year ended March 31, 2021.

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.

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 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 auditors' 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.

Crowe MacKay LLP

Yellowknife, Canada
June 29, 2021

Chartered Professional Accountants

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement I

Statement of Financial Position

March 31,	2021	2020
Financial Assets		
Cash	$ -	$ 6,173,883
Accounts receivable (note 4)	**8,340,313**	2,536,855
Employee future benefits (note 5)	**15,312**	-
	8,355,625	8,710,738
Liabilities		
Bank indebtedness (note 6)	**16,346,629**	-
Accounts payable and accrued liabilities (note 7)	**2,421,081**	6,119,364
Deferred revenue	**608,417**	-
Employee future benefits (note 5)	-	22,666
Due to Government of Northwest Territories - Revolving fund (note 8)	**30,070,809**	29,623,794
Due to Government of Northwest Territories - long-term loan (note 9)	**10,260,438**	9,616,947
Net financial debt	**(51,351,749)**	(36,672,033)
Non-financial assets		
Tangible capital assets (note 10)	**50,106,852**	33,955,761
Prepaid expenses and deposits (note 11)	**341,254**	460,921
Inventory (note 12)	**903,643**	2,255,351
	51,351,749	36,672,033
Surplus (deficit)	$ -	$ -

Contributed capital (note 13)
Contingent liabilities (note 14)
Contractual rights (note 15)

Approved:

Director
Marine Transportation Services

Comptroller
Marine Transportation Services

See accompanying notes

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement II

Statement of Changes in Net Financial Debt

For the year ended March 31,	2021 Budget	2021 Actual	2020 Actual
Net financial debt, beginning of year	$ (36,672,033)	$ (36,672,033)	$ (15,926,324)
Deficiency of revenues over expenses	(1,210,000)	-	-
Amortization	1,210,000	1,473,500	830,380
Consumption (acquisition) of inventories	-	1,351,708	(1,063,772)
Use of (acquisition) of prepaid expenses	-	119,667	(5,124)
Purchase of tangible capital assets	-	(17,624,591)	(20,507,193)
Change in net financial debt	-	(14,679,716)	(20,745,709)
Net financial debt, end of year	$ (36,672,033)	$ (51,351,749)	$ (36,672,033)

Statement of Operations

For the year ended March 31,	2021 Budget	2021 Actual	2020 Actual
Revenues			
Cargo delivery revenue	$ 4,957,000	$ 2,567,694	$ 5,470,153
Fuel delivery revenue	12,508,000	10,977,713	13,803,411
Fuel sales	7,035,000	3,085,334	7,762,937
Shipyard services	3,300,000	2,255,397	2,168,124
Charter revenue	-	283,895	970,648
Rental and other revenue	340,000	202,409	347,036
	28,140,000	19,372,442	30,522,309
Expenses (note 16)			
Fuel cost of sales	7,035,000	3,292,069	7,760,165
Maintenance	7,627,000	10,222,566	8,432,520
Marine operations	9,438,000	12,145,802	10,435,300
Shipyard service	4,158,000	1,742,444	2,302,541
Terminal operations	5,642,000	3,001,021	3,123,998
General and administrative	7,240,000	3,279,438	7,065,388
	41,140,000	33,683,340	39,119,912
Deficiency of revenue over expenses before other expenses and items	(13,000,000)	(14,310,898)	(8,597,603)
Other expenses			
Amortization	1,210,000	1,473,500	830,380
Finance charges (note 17)	-	1,057,192	832,854
	1,210,000	2,530,692	1,663,234
Deficiency of revenue over expenses before other item	(14,210,000)	(16,841,590)	(10,260,837)
Other item			
Grant contributions (note 18)	13,000,000	16,841,590	10,260,837
Deficiency of revenue over expenses	$ (1,210,000)	$ -	$ -

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement IV

Statement of Accumulated Surplus (Deficit)

For the year ended March 31,	2021	2020
Accumulated surplus (deficit), beginning of year	$ -	$ -
Excess (deficiency) of revenue over expenses	-	-
Accumulated surplus (deficit), end of year	$ -	$ -

See accompanying notes

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement V

Statement of Cash Flows

For the year ended March 31,	2021	2020
Cash provided by (used for)		
Operating activities		
Deficiency of revenues over expenses	$ -	$ -
Items not affecting cash		
Amortization	**1,473,500**	830,380
Finance charges	**1,057,193**	832,854
	2,530,693	1,663,234
Changes in non-cash working capital items		
Accounts receivable	**(5,803,458)**	3,175,635
Accounts payable and accrued liabilities	**(3,698,283)**	567,238
Deferred revenue	**608,417**	-
Employee future benefits	**(37,978)**	(31,039)
Inventory	**1,351,708**	(1,063,772)
Prepaid expenses and deposits	**119,667**	(5,124)
	(4,929,234)	4,306,172
Financing activity		
Proceeds from Government of Northwest Territories	**33,313**	101,979
Investing activity		
Purchase of tangible capital assets	**(17,624,591)**	(20,587,650)
Decrease in cash	**(22,520,512)**	(16,179,499)
Cash, beginning of year	**6,173,883**	22,353,382
Cash (bank indebtedness), end of year	**$ (16,346,629)**	$ 6,173,883

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.

2. **Significant accounting policies (continued)**

(a) Revenue recognition (continued)

Other revenue is recognized as goods are delivered or services are provided.

(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 entitles, 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 entitles 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.

2. Significant accounting policies (continued)

(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.

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

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary.

The Fund and its employees, who are part 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 an amount equal to the employees' contribution. During the year, the Fund contributed $65,797 (2020 - $97,027). During the year employees contributed $65,797 (2020 - $97,027).

2. **Significant accounting policies (continued)**

(h) Employee future benefits (continued)

The contributions are expensed on a current year basis. Any changes to the balance in subsequent years will be reflected as an expense in the subsequent year. The Fund is not required under the present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

(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

2. Significant accounting policies (continued)

(i) Related parties (continued)

Boards and Agencies (continued)

- Northwest Territories Power Corporation
- 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.

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 ail 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, 2021, 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.

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.

4. Accounts receivable

	2021	2020
Customer receivable	$ **308,855**	$ 3,022,162
Government of Canada - Transport Canada	**8,150,384**	-
Government of Canada - Fisheries and Oceans	**216,008**	-
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	-	850,000
Department of Environmental and Natural Resources	-	5,443
Health Authority	-	1,917
Northwest Territories Housing Corporation	-	253
	8,675,247	3,879,775
Less: Allowance for doubtful accounts	**334,934**	1,342,920
	$ **8,340,313**	$ 2,536,855

5. Employee future benefits

		2021		2020
Accrued benefit liabilities, beginning of year	$	(70,287)	$	(98,535)
Current service cost		(4,751)		(4,465)
Interest cost		(1,770)		(2,701)
Benefit paid		50,887		43,606
Actuarial loss		(29,857)		(8,192)
Accrued benefit liabilities, end of year		(55,778)		(70,287)
Unamortized net actuarial gain		71,090		47,621
Employee future benefit asset (liability), end of year	$	15,312	$	(22,666)

The discount rate used in the 2021 fiscal year to determine the accrued benefit obligation was an average of 3.3% (2020 - 2.7%).

The expected contributions during the next five fiscal years are as follows:

		Total
2021	$	11,850
2022		8,375
2023		5,389
2024		5,140
2025		4,157
2026 - 2030		19,534
Total	$	54,445

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.

7. Accounts payable and accrued liabilities

	2021	2020
Trade accounts payable and accrued liabilities	$ **1,669,890**	$ 4,412,481
Government of Canada - goods and services tax payable	**188,994**	143,077
Government of Canada - federal excise tax payable	**87,153**	-
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	**473,248**	1,557,695
Department of Infrastructure	**1,796**	2,330
Aurora College	**-**	3,781
	$ **2,421,081**	$ 6,119,364

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 $861,729 (2020 - $654,468).

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 $195,463 (2020 - $178,386).

Fund made $nil (2020 - $nil) payment against the Government of Northwest Territories long-term loan.

9. Due to Government of Northwest Territories – long-term loan (continued)

	2021	2020
Government of Northwest Territories long-term loan, due in December 2027	$ 10,260,438	$ 9,616,947

Estimated principle repayments are as follows:

2022	$ 3,234,867
2023	1,118,211
2024	1,138,786
2025	1,159,740
2026	1,181,079
Subsequent years	2,427,755
	$ 10,260,438

10. Tangible capital assets

For the year ended March 31,	Land	Vessels and barges	Machinery and equipment	Capital work in progress	2021 Total	2020 Total
Cost						
Balance, beginning of the year	$ 2,212,843	$ 12,407,112	$ 1,090,581	$ 20,180,065	$ 35,890,601	$ 15,383,408
Addition during the year	-	30,720,944	87,680	17,624,591	48,433,215	22,306,717
Capitalized from capital work in progress	-	-	-	(30,808,624)	(30,808,624)	(1,799,524)
Balance, end of year	2,212,843	43,128,056	1,178,261	6,996,032	53,515,192	35,890,601
Accumulated amortization						
Balance, beginning of the year	-	1,792,816	142,024	-	1,934,840	1,104,460
Annual amortization	-	1,385,991	87,509	-	1,473,500	830,380
Balance, end of year	-	3,178,807	229,533	-	3,408,340	1,934,840
Net book value	$ 2,212,843	$ 39,949,249	$ 948,728	$ 6,996,032	$ 50,106,852	$ 33,955,761

11. Prepaid expenses and deposits

	2021	2020
Insurance	$ **237,694**	$ 175,471
Other	**103,560**	285,450
	$ **341,254**	$ 460,921

12. Inventory

	2021	2020
Fuel	$ **546,860**	$ 1,962,042
Parts and supplies	**356,783**	293,309
	$ **903,643**	$ 2,255,351

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, 2021 the Government of Northwest Territories made accumulated contributions of $8,608,287 (2020 - $6,378,429).

14. Contingent liabilities

Three lawsuits and claims totaling $2,779,000 are pending against the Fund as at financial statements release date. The claims are for undelivered goods during the 2018 barging season. The likelihood of any liability under these lawsuits cannot be reasonably determined and as such no liability has been accrued in these financial statements.

The contingent losses, if any, would be recognized as expense in a year when the lawsuits and claims are resolved.

15. Contractual rights

The Fund had a contract since August 27, 2019 for the use of the MV 2011-03 vessel for the duration of nineteen (19) 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
2022	$ 400,000
2023	400,000
2024	400,000
2025	400,000
2026	400,000
Subsequent years	6,368,767
	$ 8,368,767

The Fund has a grant contribution agreement for the amount of $1,050,000 with the Government of Canada for construction of four double hulled barges to be received in the fiscal year ended March 31, 2022.

16. Expenses

	Fuel cost of sales	Maintenance	Marine operations	Shipyard service	Terminal operations	General and administrative	2021 Actual
Fuel cost of sales	$ 3,292,069	$ -	$ -	$ -	$ -	$ -	$ 3,292,069
Shipyard service cost of sales	-	-	-	1,742,444	-	-	1,742,444
Wages and benefits	-	8,021,620	6,395,356	-	2,001,481	1,875,746	18,294,203
Fuel consumption	-	199,326	3,388,678	-	77,032	-	3,665,036
Insurance	-	122,378	906,185	-	312,930	184,958	1,526,451
Other	-	1,879,242	1,455,583	-	609,578	1,218,734	5,163,137
	$ 3,292,069	**$ 10,222,566**	**$ 12,145,802**	**$ 1,742,444**	**$ 3,001,021**	**$ 3,279,438**	**$ 33,683,340**

17. Financing charges

	2021	2020
Interest on revolving fund - due to Government of Northwest Territories	**$ 861,729**	$ 654,468
Interest on long-term loan - due to Government of Northwest Territories	**195,463**	178,386
	$ 1,057,192	$ 832,854

18. Grant contributions

	2021	2020
Government of Canada		
Transport Canada - Ocean Protection Fund - 75% of doubled hulled barges	$ 13,554,540	$ 4,630,250
Low Carbon Economy Leadership Fund - capital expenditure for the refit of the Jock McNiven vessel	-	1,719,031
Government of Northwest Territories - Department of Infrastructure		
Operating losses	2,229,858	2,117,922
Finance charges	1,057,192	832,854
Land acquisition	-	960,780
	$ 16,841,590	$ 10,260,837

19. Related party transactions

During the year the Fund incurred the following transactions with the related parties:

	2021	2020
Revenue		
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	$ 6,289,571	$ 8,633,805
Northwest Territories Power Corporation	227,005	201,781
Department of Environmental and Natural Resources	65,856	129,944
Department of Infrastructure	17,317	24,803
Department of Infrastructure - Yellowknife Airport Revolving Fund	17,066	-
NWT Housing Corporation	15,925	1,113
Sahtu Divisional Education Council	2,390	-
Department of Justice	2,041	-
Department of Industry, Tourism and Investment	1,529	-
NWT Liquor and Cannabis Commission	888	-
Northwest Territories Health and Social Services Authorities	-	3,277
	$ 6,639,588	$ 8,994,723
Expenses		
Government of Northwest Territories		
Department of Finance	$ 246,801	$ -
Department of Infrastructure - Fuel Services Division	45,529	1,590,557
Northwest Territories Power Corporation	22,946	-
Department of Infrastructure	-	11,035
	$ 315,276	$ 1,601,592

19. Related party transactions (continued)

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 17.
Grant contributions are disclosed in note 18.

20. 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 $8,340,313 (2020 - $2,536,855). At March 31, 2021, the Fund's management has determined that $334,934 (2020 - $1,342,920) 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	$ 219,608	$ -	$ -	$ 8,455,639	**$ 8,675,247**
Allowance for doubtful accounts	-	-	-	(334,934)	**(334,934)**
	$ 219,608	$ -	$ -	$ 8,120,705	**$ 8,340,313**

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, 2021, receivables from one customer comprised 98% (2020 – 96%) 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.

20. 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 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 $59,098,957 (2020 - $45,382,771). 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, and due to Government of Northwest Territories - long-term loan, which are 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.

(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.

21. 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:

- 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 pursued nor received government assistance specifically related to COVID-19.

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 Fund'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 developments and the impact on the financial results and condition on the Fund and its operations in future periods.

22. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Financial Statements

Year ended March 31, 2021

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Index to Financial Statements

March 31, 2021

Management's Responsibility for Financial Reporting 24

Auditor's Report 25

Statement of Financial Position 27

Statement of Operations 28

Statement of Accumulated Surplus 29

Statement of Change in Net Debt 30

Statement of Cash Flow 31

Notes to Financial Statements 32

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 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 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.

Adelle Guigon, A/Chairperson
NWT Liquor Licensing Board
June 30, 2021

ASHTON
Chartered Accountants
Business Advisors

Suite 8 - 6 Courtoreille Street
Hay River, NT X0E 1G2
PH: (867) 874-6775
FX: (867) 874-3775
Email: tashton@ashtonca.com

INDEPENDENT AUDITOR'S REPORT

To the Ministers of Northwest Territories Liquor Licensing Board and Liquor Enforcement

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Northwest Territories Liquor Licensing Board and Liquor Enforcement (the Board), which comprise the statement of financial position as at March 31, 2021, 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 Board as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (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 Board 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 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.

(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 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 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 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.



Hay River, Northwest Territories
June 30, 2021

Chartered professional accountants

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Financial Position

As at March 31, ($000)	2021	2020
Financial Assets		
Accounts Receivable	$ 5	$ 5
Due from NWT Liquor Commission (note 3)	138	61
Pension and other employee benefits (note 4)	30	34
	173	100
Financial Liabilities		
Accounts payable (Note 6)	140	70
Deferred revenue	33	30
	173	100
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:

Adelle Guigon, A/Chairperson
Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Operations

For the year ended March 31 ($000)	2021 Budget	2021 Actual	2020 Actual
Revenue			
License fees and permits	$ 63	$ 28	$ 53
Government contribution - services provided without charge (note 6)	-	1	5
	63	29	58
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	503	396	401
Honoraria	50	13	23
Inspector's fees	68	34	34
Rent	29	29	30
Travel	75	11	36
Professional fees	29	21	16
Administration	43	33	35
	797	537	575
Annual loss	$ (734)	$ (508)	$ (517)

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)	2021 Budget	2021 Actual	2020 Actual
Accumulated surplus, beginning of the year	$ -	$ -	$ -
Annual loss	(734)	(508)	(517)
Amounts transferred from the NWT Liquor & Cannabis Commission	734	508	517
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 Financial Assets (debt)

For the year ended March 31 ($000)	2021 Budget	2021 Actual	2020 Actual
Net financial assets (debt), beginning of year	$ -	$ -	$ (8)
Items affecting net financial assets (debt):			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	-	8
Net financial assets (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)	2021	2020
Operating activities		
Cash received from customers	$ 31	$ 57
Cash paid to employees and suppliers	(462)	(617)
Cash provided by operating activities	(431)	(560)
Financing activities		
Cash transferred from the NWT Liquor & Cannabis Commission	431	560
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, 2021 ($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, 2021, the Fund's assets exceeded the liabilities by $6,075 (2020 – $4972).

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.

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 Canadian Institute of Chartered Professional Accountants. 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.

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 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 (2019 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2019 – 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:

	2021	2020
Commission's contributions (recognized as expense)	$ 27	$ 36
Employees' contribution	27	34

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.

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2021			2020		
	Severance and Removal	Compensated Absences	Total	Severance and Removal	Compensated Absences	Total
Accrued benefit obligation, beginning of the year	$ 6	$ 3	$ 9	$ 5	$ 3	$ 8
Current Service Costs	-	-	-	-	-	-
Interest Cost	-	-	-	-	-	-
Benefits paid during the year	-	(3)	(3)	(13)	(7)	(19)
Actuarial (gain)/loss	(1)	3	2	13	7	20
Accrued benefit obligation, end of the year	$ 5	$ 3	$ 8	$ 5	$ 3	$ 9
Unamortized net actuarial gain (loss)	(12)	(26)	(38)	(15)	(28)	(43)
Accrued benefit (liability)/asset	$ (7)	$ (23)	$ (30)	$ (10)	$ (25)	$ (34)

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, 2021 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2021 reflects management's best estimate based upon a number of future orientated assumptions including:

	2021	2020
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.3%	2.7%
Expected average remaining service life of related employee groups (EARSL)	8.3	8.3

Timing of expected payments for other employee benefits are as follows:

2022	$	0
2023		0
2024		0
2025		0
2026		0
2027 and beyond		5
	$	5

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		
	2021 Budget	2021 Actual	2020 Actual
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	$ 304	$ 189	$ 203
Inspector's fees	54	34	29
Rent	17	17	17
Travel	18	11	11
Professional fees	5	1	5
Administration	15	26	19
	413	278	284
Annual loss	$ (413)	$ (278)	$ (284)

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 $396 (2020 – $401) related to salaries, wages, and employee benefits for the Board's employees and $13 (2020 - $23) 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 $1 (2020 – $5). 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 $94 (2020 – $162) for salaries, wages, board honoraria, employee benefits including Worker's Compensation and Medical Travel, payable to the Government of the NWT.

7. Contractual obligations

The Board has a five-year lease agreement ending April 30, 2021 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

2021/22	$ 2
2022/23	$ NIL
2023/24	$ NIL
2024/25	$ NIL

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.

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Financial Statements

Year ended March 31, 2021

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Index to Financial Statements

March 31, 2021

Management's Responsibility for Financial Reporting 39

Auditor's Report 40

Statement of Financial Position 42

Statement of Operations 43

Statement of Accumulated Surplus 44

Statement of Change in Net Financial Assets 45

Statement of Cash Flow 46

Notes to Financial Statements 47

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, 2021

ASHTON
Chartered Accountants
Business Advisors

Suite 8 - 6 Courtoreille Street
Hay River, NT X0E 1G2
PH: (867) 874-6775
FX: (867) 874-3775
Email: tashton@ashtonca.com

INDEPENDENT AUDITOR'S REPORT

To the Ministers of NWT Liquor & Cannabis Commission

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of NWT Liquor & Cannabis Commission (the Commission), which comprise the statement of financial position as at March 31, 2021, 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 Commission as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (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 Commission 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 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.

(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 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 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 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.



Hay River, Northwest Territories
June 30, 2021

Ashton Chartered Professional Accountants

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Statement of Financial Position

As at March 31 ($000)	2021	2020
Financial Assets		
Cash	$ 5,015	$ 6,355
Accounts receivable	142	97
Inventories for resale (note 3)	3,698	3,072
	8,855	9,524
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	2,573	4,437
Pension and other employee benefits (note 4)	69	54
Due to the NWT Liquor Licensing Board (note 5)	138	61
	2,780	4,552
Net Financial Assets	6,075	4,972
Non-Financial Assets		
Tangible capital assets (note 6)	553	626
Prepaid expenses	37	24
	590	650
Accumulated Surplus	$ 6,665	$ 5,622

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)	2021 Budget	2021 Actual	2020 Actual
Sales			
Beer	$ 18,588	$ 19,467	$ 18,760
Spirits	26,889	27,814	22,285
Wine	8,105	8,848	8,375
Coolers and Ciders	5,052	4,736	3,087
Cannabis	4,439	5,141	3,252
	63,073	66,006	55,759
Cost of goods sold			
Beer	7,767	7,937	7,616
Spirits	7,916	8,275	6,506
Wine	3,658	4,011	3,727
Coolers and ciders	2,236	2,004	1,348
Cannabis	2,785	3,560	2,052
	24,362	25,787	21,249
Gross profit on sales	38,711	40,219	34,510
Other income			
Government contribution - services provided without charge (note 7)	-	13	19
Import fees and Income	8	6	9
	8	19	28
Expenses (notes 7)			
Commissions to agents - Liquor	6,619	6,779	6,119
Commissions to agents - Cannabis	675	534	494
Licensee Discounts	-	396	526
Salaries, wages and employee benefits	1,127	1,094	1014
Administration - Liquor	562	682	655
Administration - Cannabis	200	200	200
Travel	30	21	39
Rent	242	242	238
Amortization of tangible capital assets (note 6)	208	243	196
	9,663	10,191	9,481
Annual surplus	$ 29,056	$ 30,047	$ 25,057

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)	2021 Budget	2021 Actual	2020 Actual
Accumulated surplus, beginning of the year	$ 5,622	$ 5,622	$ 5,622
Annual surplus	29,056	30,047	25,057
Amounts transferred to the Consolidated Revenue Fund	(28,322)	(28,496)	(24,540)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(734)	(508)	(517)
Increase in accumulated surplus	-	1,043	-
Accumulated surplus, end of year	$ 5,622	$ 6,665	$ 5,622

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)	2021 Budget	2021 Actual	2020 Actual
Net financial assets, beginning of year	$ 4,972	$ 4,972	$ 4,840
Items affecting net financial assets:			
Increase (decrease) in accumulated surplus	-	1,043	-
Net investment in tangible capital assets:			
Acquisitions	-	(170)	(80)
Amortization expense	208	243	196
Change in prepaid expenses	-	(13)	16
Net financial assets, end of year	$ 5,180	$ 6,075	$ 4,972

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)	2021	2020
Operating activities		
Cash received from customers	$ 65,967	$ 55,167
Cash paid to employees and suppliers	(38,210)	(29,226)
Cash provided by operating activities	27,757	25,941
Capital activities		
Purchase of tangible capital assets	(170)	(80)
Financing activities		
Cash transferred to the Consolidated Revenue Fund	(28,496)	(24,406)
Cash transferred to the NWT Licensing Board	(431)	(560)
Cash provided by financing activities	(28,927)	(24,966)
Change in cash	(1,340)	895
Cash, beginning of year	6,355	5,460
Cash, end of Year	$ 5,015	$ 6,355

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

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Notes to Financial Statements

March 31, 2021 ($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, 2021 the Fund's assets exceeded the liabilities by $6,075 (2020 – $4,972).

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 Canadian Institute of Chartered Professional Accountants.

(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.

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) Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation.

2. Significant accounting policies (continued)

(i) 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 was actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

3. Inventories for resale

	2021	2020
Spirits	$ 1,244	$ 993
Beer	904	826
Wine	548	578
Coolers and ciders	230	158
Cannabis	772	518
	$ 3,698	$ 3,072

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 (2020 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2020 – 1.00) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2021	2020
Commission's contributions (recognized as expense)	$ 90	$ 113
Employees' contribution	89	120

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.

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2021			2020		
	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	$ 95	$ 16	$ 111	$ 102	$ 15	$ 117
Current Service Costs	4	1	5	3	1	4
Interest Cost	2	0	2	3	1	4
Benefits paid during the year	-	-	-	-	(30)	(30)
Actuarial (gain)/loss	(42)	(2)	(44)	(12)	29	17
Accrued benefit obligation, end of the year	$ 59	$ 15	$ 74	$ 96	$ 16	$ 112
Unamortized net actuarial gain (loss)	38	(43)	(5)	(6)	(52)	(58)
Accrued benefit (liability)/asset	$ 97	$ (28)	$ 69	$ 90	$ (36)	$ 55

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, 2021 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2021 reflects management's best estimate based upon a number of future orientated assumptions including:

	2021	2020
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.3%	2.7%
Expected average remaining service life of related employee groups (EARSL)	8.3	8.3

Timing of expected payments for other employee benefits are as follows:

2022	$ 27
2023	14
2024	10
2025	6
2026	5
2027 and beyond	16
	$ 78

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	2021	2020
Cost:					
Opening balance	$ 126	$ 916	$ 855	$ 1,897	$ 2,109
Acquisitions	7	158	5	170	80
Disposals and write- downs	-		-	-	(293)
Closing balance	133	1,074	860	2,067	1,896
Accumulated Amortization:					
Opening balance	(115)	(668)	(487)	(1,270)	(1,367)
Amortization	(6)	(204)	(34)	(243)	(196)
Disposals and write-downs	-		-	-	293
	(121)	(872)	(520)	(1,513)	(1,270)
Net book value	$ 12	$ 203	$ 339	$ 553	$ 626

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 $1,094 (2020 – $1,014) 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 $13 (2020 – $19). 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 $168 (2020 – $157) for bottle deposits payable to the Department of Environment and Natural Resources, $261 (2020 – $128) for \salaries, wages, and employee benefits payable to the Department of Finance, and $12 (2020 - $1,682) other various Government Departments.

8. Contractual obligations

The Commission has a five-year lease agreement ending April 30, 2021 for its office premises. The Commission also has a ten-year lease agreement ending January 31, 2022 with the option of extending the lease for two further terms of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2021/22	$ 141
2022/23	$ NIL
2023/24	$ NIL
2024/25	$ NIL
2025/26	$ NIL

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.

Fuel Services Division

Financial Statements

March 31, 2021

Fuel Services Division

Financial Statements

March 31, 2021 **Page**

Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4 - 5
Statement of Financial Position	6
Statement of Changes in Net Financial Assets (Debt)	7
Statement of Operations	8
Statement of Accumulated Deficit	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 23

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 Fund operated during the COVID-19 pandemic, and management took measures to reduce petroleum product prices for consumers during this time of pricing volatility.

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 29, 2021

Crowe MacKay LLP
5103 51st Street, PO Box 727
Yellowknife, NWT X1A 2N5
Main +1 (867) 920-4404
Fax +1 (867) 920-4135
www.crowemackay.ca

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, 2021, and the statements of operations, changes in net financial assets (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, 2021, and its results of operations, changes in net financial assets (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 29, 2021

Chartered Professional Accountants

Fuel Services Division

Statement of Financial Position

March 31,	2021	2020
Financial Assets		
Accounts receivable (note 5)	$ **10,072,941**	$ 16,666,897
Inventory for resale (note 6)	**35,551,751**	30,777,250
	45,624,692	47,444,147
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	**6,076,311**	6,249,652
Employee future benefits payable (note 8)	**217,174**	215,578
Due to the Government of the Northwest Territories (note 9)	**40,383,388**	41,983,527
	46,676,873	48,448,757
Net Debt	$ **(1,052,181)**	$ (1,004,610)
Non-financial Assets		
Prepaid expenses	**52,182**	4,611
Accumulated Deficit	$ **(999,999)**	$ (999,999)

Subsequent events

Approved

Lorne Browne
Director
Fuel Services Division

Renalyn Pascua-Matte,
Comptroller
Fuel Services Division

Fuel Services Division

Statement of Changes in Net Financial Assets (Debt)

For the year ended March 31,	2021 Budget	2021 Actual	2020 Actual
Annual deficit	$ (200,000)	**$ -**	$ (149,999)
Change in prepaid expenses	**-**	**(47,571)**	(4,611)
Increase in net financial assets (debt)	(200,000)	**(47,571)**	(154,610)
Net financial assets (debt), beginning of year	684,000	**(1,004,610)**	(850,000)
Net financial assets (debt), end of year	$ 484,000	**$ (1,052,181)**	$ (1,004,610)

Fuel Services Division

Statement of Operations

For the year ended March 31,	2021 Budget	**2021 Actual**	2020 Actual
Revenues			
Sales of petroleum products (note 11)	$ 37,500,000	**$ 38,021,618**	$ 42,786,266
Cost of sales			
Cost of goods sold (note 6)	30,850,000	**30,886,096**	35,233,898
Loss due to evaporation	-	**6,024**	276,565
Commissions	2,500,000	**2,893,668**	2,330,052
	33,350,000	**33,785,788**	37,840,515
Gross margin	4,150,000	**4,235,830**	4,945,751
Gross margin percentage	11.1 %	**11.1 %**	11.6 %
Expenses			
Bad debts	-	**100,635**	136,267
Contracts and purchased services	-	**700,301**	1,074,604
Operating and maintenance costs	2,350,000	**2,630,130**	2,706,186
Miscellaneous	-	**36,637**	90,122
Salaries, wages and employee benefits	2,000,000	**2,263,810**	2,243,723
Travel	-	**438,529**	526,623
Utilities	-	**507,391**	524,038
	4,350,000	**6,677,433**	7,301,563
Annual deficit before Other items	(200,000)	**(2,441,603)**	(2,355,812)
Other revenue (expenses)			
Grant contribution (note 12)	-	**1,616,234**	2,313,516
Grant-in-kind, Government assets provided at no cost (note 13)	-	**2,136,817**	2,540,034
Tangible capital assets - rent expenses (note 13)	-	**(1,670,887)**	(1,672,661)
Financing charges (note 13)	-	**(465,930)**	(867,373)
Other revenues and expenses (note 16)	-	**825,369**	(107,703)
	-	**2,441,603**	2,205,813
Annual deficit	$ (200,000)	**$ -**	$ (149,999)

Fuel Services Division

Statement of Accumulated Deficit

For the year ended March 31,		2021		2020
Accumulated deficit, beginning of year	**$**	**(999,999)**	$	(850,000)
Annual deficit		**-**		(149,999)
Accumulated deficit, end of year	**$**	**(999,999)**	$	(999,999)

Fuel Services Division

Statement of Cash Flows

For the year ended March 31,	2021	2020
Cash provided by (used for)		
Operating activities		
Annual deficit	**$ -**	$ (149,999)
Change in non-cash working capital items		
Accounts receivable	**6,593,956**	(3,718,538)
Inventory for resale	**(4,774,501)**	(3,514,034)
Accounts payable and accrued liabilities	**(173,341)**	(1,330,977)
Employee future benefits payable	**1,596**	(21,026)
Due to the Government of the Northwest Territories	**(1,600,139)**	8,729,396
Prepaid expenses	**(47,571)**	5,178
Increase in cash	**-**	-
Cash, beginning of year	**-**	-
Cash, end of year	**$ -**	$ -

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 $1,000,000 at the end of any fiscal year. The balance in the Stabilization Fund at March 31, 2021 is a deficit of $999,999 (2020 - deficit of $999,999).

2. COVID-19

In 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 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 not been significant.
- The Fund has not pursued nor received government assistance specifically related to COVID-19.

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 Fund'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 developments and the impact on the financial results and condition on the Fund and its operations in future periods.

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) 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 on the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as 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) Employee future benefits payable

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

(f) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

3. Significant accounting policies (continued)

(g) Pension and employee future benefits

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 $161,890 (2020 - $133,420) to the plan which was recognized as an expense while employees contributed $115,636 (2020 - $103,725). 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.

(h) 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.

(i) 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.

(j) 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.

3. Significant accounting policies (continued)

(k) 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.

(l) 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.

3. Significant accounting policies (continued)

(m) 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 (l).

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.

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 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.

5. Accounts receivable

	2021	2020
Non-Government	**$ 1,314,296**	$ 4,062,375
Government of Canada	**10,223**	19,308
Government of Canada - Goods and services tax	**-**	104,059
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	**6,503**	752
Health and Social Services Authorities	**3,508**	12,430
Marine Transportation Services - Revolving Fund	**473,248**	1,557,695
Northwest Territories Housing Corporation	**1,350,956**	1,677,168
Northwest Territories Power Corporation	**5,741,642**	7,332,890
Tlicho Community Services Agency	**1,527**	2,586
Departments		
Department of Education, Culture and Employment	**170,301**	241,321
Department of Environment and Natural Resources	**4,946**	2,181
Department of Infrastructure	**235,269**	419,813
Local (Municipalities, Community Governments)	**907,471**	1,374,566
	10,219,890	16,807,144
Less: Allowance for doubtful accounts	**146,949**	140,247
	$ 10,072,941	$ 16,666,897

6. Inventory for resale

	2021	2020
Diesel	**$ 29,586,471**	$ 23,868,679
Gasoline	**3,972,220**	4,371,644
Jet A1	**1,896,632**	2,488,707
Naphtha	**96,428**	48,220
	$ 35,551,751	$ 30,777,250

Inventory in the amount of $30,886,096 (2020 - $35,233,898) was expensed during the year.

An inventory write-down of $6,024 (2020 - $276,565) 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 $86,445 (2020 - $389,658) was expensed during the year (note 16). This represents a reduction in the net realizable value for diesel in Tsiigehtchic, Tuktoyaktok and Uluhaktok (in 2020 - Paulatuk and Uluhaktok).

7. Accounts payable and accrued liabilities

	2021	2020
Non-Government	**$ 5,801,304**	$ 5,290,756
Government of Canada	**43,667**	38,361
Government of Canada - Goods and services tax	**203,552**	-
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	**27,788**	70,535
Marine Transportation Services - Revolving Fund	**-**	850,000
	$ 6,076,311	$ 6,249,652

8. Employee future benefits payable

Removal benefits, resignation benefits, sick leave accrual and special leave accrual are recorded based on an actuarial valuation. The most recent actuarial valuation was completed as at March 31, 2021. The effective date of the next actuarial valuation is March 31, 2022.

	2021	2020
Removal Benefits	**$ 23,096**	$ 30,270
Resignation Benefits	**18,584**	24,358
Sick Leave Accrual	**13,997**	18,346
Special Leave Accrual	**1,099**	1,440
Annual Leave Accrual	**130,107**	108,507
Lieu Time Accrual	**30,291**	32,657
	$ 217,174	$ 215,578

The discount rate used in the 2021 fiscal year to determine the accrued benefit obligation was an average of 2.7% (2020 - 2.7%). The expected payments during the next five fiscal years are as follows:

	Severance and Removal	Compensated Absences	Total
2022	$ 11,881	$ 4,783	$ 16,664
2023	7,047	2,734	9,781
2024	4,402	1,847	6,249
2025	2,834	989	3,823
2026	2,076	571	2,647
2027-2031	6,733	2,886	9,619
	$ 34,973	$ 13,810	$ 48,783

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:

	2021	2020
Balance, beginning of year	**$ 41,983,527**	$ 30,940,615
Plus: Payments made by the Government		
Purchases of petroleum products	**35,094,819**	39,155,838
Other cash disbursements	**8,011,320**	6,973,642
Less: Cash paid to the Government of Northwest Territories	**(44,706,278)**	(35,086,568)
	$ 40,383,388	$ 41,983,527

10. Commitments

Fuel resupply contracts
The Fund has entered into contracts with Imperial Oil Limited, Bassett Petroleum Distributors Ltd., Cryopeak LNG Solutions Corporation, E Gruben's Transport Ltd., AFD Petroleum Inc, Midnight Petroleum 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 March 2022 and the latest 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 $51,112,404 (2020- $34,871,608) as follows:

2022	$ 31,345,668
2023	16,264,704
2024	3,502,032
	$ 51,112,404

11. Sales of petroleum products

	2021	2020
Non-Government	$ 8,288,188	$ 9,927,617
Government of Canada	341,290	49,361
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	15,001	24,410
Health and Social Services Authorities	39,056	54,568
Northwest Territories Housing Corporation	3,181,768	3,428,102
Northwest Territories Power Corporation	19,990,699	23,235,240
Tlicho Community Services Agency	9,632	11,697
Marine Transportation Services - Revolving Fund	1,088,092	1,590,557
Departments		
Department of Education, Culture and Employment	788,160	820,602
Department of Environment and Natural Resources	19,291	18,139
Department of Infrastructure	586,974	319,324
Local (Municipalities, Community Governments)	3,673,467	3,306,649
	$ 38,021,618	$ 42,786,266

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 $1,000,000, the excess shall be charged to an appropriation.

13. Grant in kind

Financing charges
Management estimated that the Fund required up to $42 million (2020 - $44 million) in working capital with an estimated annual financing cost of $465,930 (2020 - $867,373).

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	**2021**	2020
Fuel storage facilities	$ 61,088,721	$ 30,882,850	$ 30,205,871	$ 31,162,888
Fuel delivery vehicles	4,814,353	3,305,410	1,508,943	1,714,476
Construction in process	516,838	-	516,838	215,743
Buildings	870,138	150,773	719,365	741,121
	$ 67,290,050	$ 34,339,033	**$ 32,951,017**	$ 33,834,228

Rent expense for 2021 is $1,670,887 (2020 - $1,672,661).

14. Budget information

The budget figures are from the 2020-2021 Main Estimate approved by the Legislative Assembly of the Northwest Territories and are unaudited.

15. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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:

		2021		2020
Other revenues				
Northwest Territories Power Corporation - Tank maintenance	**$**	**907,565**	$	-
Recovery of prior year expenses		**-**		104,495
Other recoveries		**4,249**		177,460
		911,814		281,955
Other expenses				
Write-down of inventory to net realizable value (note 6)		**(86,445)**		(389,658)
	$	**825,369**	$	(107,703)

17. Related party transactions

Amounts receivable from related parties are disclosed in note 5.
Amounts payable to related parties are disclosed in note 7.
Sales of petroleum products to related parties are disclosed in note 11.

Significant expenses incurred from related parties are as follows:

		2021		2020
Government of the Northwest Territories				
Department of Infrastructure - Cost of goods sold	**$**	**6,289,571**	$	8,633,805
Department of Infrastructure - Contracts and purchased services		**12,641**		537,707
Northwest Territories Power Corporation - Utilities		**489,253**		337,096
	$	**6,791,465**	$	9,508,608

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 $10,072,941 (2020-$16,666,897). At March 31, 2021, the Fund's management has determined that $146,949 (2020-$140,247) of accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

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, 2021, receivables from three customers comprised 78% of the total outstanding accounts receivables (2020-80%). 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, 2021, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
Accounts receivable	$ 3,142,656	$ 718,048	$ 643,379	$ 4,504,083
Allowance for doubtful accounts	-	-	(146,949)	(146,949)
	$ 3,142,656	$ 718,048	$ 496,430	$ 4,357,134

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 $46,676,873 (2020 - $48,448,757). 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 however there has been a change in the policies, procedures, and methods to manage the risk as in the prior year the Fund used derivatives to hedge other price risk and in the current year the Fund did not use derivatives.

PUBLIC STORES REVOLVING

FOR THE YEAR ENDED MARCH 31, 2021

Unaudited

Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 2021

Public Stores	Balance March 31, 2020	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2021
	$	$	$	$	$	$
Yellowknife	227,537			0	0	227,537
		24,850	(75,243)	0	0	(50,392)
	227,537	**24,850**	**(75,243)**	**0**	**0**	**177,144**

Prepared by: Alex Mulooki

Finance and Administration Manager (NSRO)

Oct. 27, 2021

Approved: Cameron Wilson

Regional Superintendent (NSRO)

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2021

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2021 **Page**

Management's Responsibility for Financial Reporting	2
Independent Auditors' Report	3 - 5
Statement of Financial Position	6
Statement of Changes in Net Financial Assets	7
Statement of Operations and Accumulated Surplus	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 21
Schedule 1 - Tangible Capital Assets	22

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
August 11, 2021

Crowe MacKay LLP
Member Crowe Horwath International

PO Box 727, 5103 – 51st Street
Yellowknife, NT X1A 2N5
+1.867.920.4404 Tel
+1.867.920.4135 Fax
+1.866.920.4404 Toll Free
www.crowemackay.ca

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, 2021, 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, 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 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, 2021 and March 31, 2020 and payroll liabilities, employee future benefits, net financial assets, and accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 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, 2019 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 theGovernment 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 2021 and 2020 years and amortization expense and annual surplus for the years ended March 31, 2021 and March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effect of this limitation in scope.

Independent Auditors' Report (continued)

We were unable to observe the inventory count at March 31, 2020 and we were not able to satisfy ourselves concerning the quantity of inventory by alternative means. Since opening inventories affect the determination of the results of operations and cash flows, we were unable to determine whether adjustments to the results of operations and cash flows might be necessary for the year ended March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope. As a result, our opinion on the current year's results of operations and cash flows is modified because of the possible effects of this matter on the comparability of the current period'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 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.

Emphasis of Matter - Amended Financial Statements
We draw attention to Note 2 to the financial statements, which describes that the financial statements that we originally reported on July 13, 2021 have been amended and describes the matter that gave rise to the amendment of the financial statements. 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 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.

Independent Auditors' Report (continued)

Auditors's Responsibilities for the Audit of the Financial Statements (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 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 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.

Crowe MacKay LLP

Yellowknife, Northwest Territories
July 13, 2021, except as to Note 2,
which is as of August 11, 2021

Chartered Professional Accountants

Yellowknife Airport Revolving Fund

Statement of Financial Position

As at March 31,	2021	2020
Financial Assets		
Accounts receivable (note 6)	$ **825,108**	$ 1,551,364
Due from the Government of the Northwest Territories (note 7)	**12,855,990**	14,226,513
	13,681,098	15,777,877
Liabilities		
Accounts payable and accrued liabilities	**211,906**	1,423,556
Deferred revenue (Note 9)	**9,687,863**	9,012,200
Employee future benefits (note 10)	**391,574**	275,876
Security deposits	**81,769**	81,769
	10,373,112	10,793,401
Net Financial Assets	**3,307,986**	4,984,476
Non-Financial Assets		
Inventories held for use	**497,290**	497,290
Tangible capital assets (note 11)	**38,643,838**	39,989,813
Prepaid expenses	**11,390**	6,421
	39,152,518	40,493,524
Accumulated Surplus	$ **42,460,504**	$ 45,478,000

Contractual Obligations (note 15)
Contractual Rights (note 16)

Approved:

R. Straker
Reg. Airport Mgr, YK Airport

AUG 19 2021

E. Blechert
A/ Comptroller, YK Airport

AUG 19 2021

Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets

For the year ended March 31,	Budget (Unaudited)	2021	2020
Annual Surplus (Deficit)	$ 712,630	**$ (3,017,496)**	$ 15,834,448
Change in prepaid expenses	-	**4,969**	(352)
Change in inventories held for use	-	**-**	(255,902)
Contribution of tangible capital assets	-	**-**	(12,053,851)
Acquisition of tangible capital assets	-	**(1,178,781)**	(5,646,191)
Proceeds on disposal of tangible capital assets	-	**125,000**	-
Amortization of tangible capital assets	-	**2,389,818**	2,702,628
Increase (decrease) in Net Financial Assets	712,630	**(1,676,490)**	580,780
Net Financial Assets, beginning of year	4,984,476	**4,984,476**	4,403,696
Net Financial Assets, end of year	$ 5,697,106	**$ 3,307,986**	$ 4,984,476

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus

For the year ended March 31,	Budget (Unaudited)	2021	2020
Revenue			
Aeronautical revenue (Note 19)	$ 7,385,000	**$ 1,367,941**	$ 6,905,123
Non-aeronautical revenue (Note 19)	3,553,000	**878,521**	3,149,068
	10,938,000	**2,246,462**	10,054,191
Government transfers (Note 12)		**3,524,684**	13,833,577
Airport improvement fees	4,739,000	**415,973**	2,173,461
	15,677,000	**6,187,119**	26,061,229
Expenses (Note 20)			
Airport capital	2,342,000	**2,390,091**	2,738,507
Finance and administration	1,013,000	**939,683**	1,394,498
Operations and maintenance	3,733,000	**3,135,630**	3,652,620
Safety and security	3,116,000	**2,813,580**	2,702,628
	10,204,000	**9,278,984**	10,488,253
Operating Surplus (Deficit) before other items	5,473,000	**(3,091,865)**	15,572,976
Other Items			
Grant-in-kind, Occupancy costs (Note 13)		**985,043**	1,221,058
Occupancy costs (Note 13)		**(985,043)**	(1,221,058)
Recovery of prior year expenses		**74,369**	261,472
	-	**74,369**	261,472
Annual Surplus (Deficit)	5,473,000	**(3,017,496)**	15,834,448
Accumulated Surplus, beginning year	45,478,000	**45,478,000**	29,643,552
Accumulated Surplus, end year	$ 50,951,000	**$ 42,460,504**	$ 45,478,000

Yellowknife Airport Revolving Fund

Statement of Cash Flows

For the year ended March 31,	2021	2020
Cash provided by (used in)		
Operating activities		
Operating Surplus (deficit)	**$ (3,017,496)**	$ 15,834,448
Items not affecting cash:		
Amortization	**2,389,818**	2,702,628
Government transfer - tangible capital assets	**-**	(12,053,851)
	(627,678)	6,483,225
Changes in non-cash assets and liabilities		
Accounts receivable	**726,256**	617,680
Inventories held for use	**-**	(255,901)
Accounts payable and accrued liabilities	**(1,211,650)**	426,495
Deferred revenue	**675,663**	3,533,912
Employee future benefits	**115,698**	(53,272)
Prepaid expenses	**(4,969)**	(352)
Due from the Government of the Northwest Territories	**1,370,523**	(5,105,596)
Cash from operating activities	**1,043,843**	5,646,191
Capital activity		
Acquisition of tangible capital assets	(1,178,781)	(5,646,191)
Disposal of capital assets	134,938	-
Cash used in capital activities	**(1,043,843)**	(5,646,191)
Increase in cash	**-**	-
Cash, beginning and end of period	**$ -**	$ -

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. Amendment to Financial Statements

Subsequent to the issuance of the previously reported financial statements for the year ended March 31, 2021 management determined that supplementary funding of $3,300,000 for the Fund was not recorded and reflected in the financial statements. The financial statements have been amended to record government transfer revenues of $3,300,000 and an increase in Due from the Government of the Northwest Territories.

3. 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. To assist airlines, tenants, lessees and licensees of the Airport, the Fund under the direction of the Government of the Northwest Territories has waived all lease, license, concession, and landing fees from April 1 to December 31, 2020. The Fund received $3,300,000 in supplementary funding from the GNWT.
- The entity has implemented remote work arrangements for those able to do so.
- The entity has implemented stringent health and safety procedures.

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.

4. 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 7.

(b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and delivery or service 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.

4. 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.

(f) Non-pension employee future benefits and compensated absences

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

4. Significant accounting policies (continued)

(g) Pension employee future benefits

The Fund and its employees, who are deemed to be employees of the Government, 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 $314,082 (2020 - $308,941) to the plan which was recognized as an expense. These contributions are expensed on a current year basis. The total pension obligation of the Fund is reflected in the statement of financial position with any changes from the prior year recognized as an expense (recovery) in the current year. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

(h) 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.

4. Significant accounting policies (continued)

(i) 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.

(j) 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. There are no liabilities to be recorded as at March 31, 2021.

(k) 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 (h). 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
  - Legislative Assembly
- 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.

5. 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.

(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.

6 Accounts receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2021	Net 2020
Accounts receivable	$ 920,246	$ (95,138)	$ 825,108	$ 1,551,364

7. 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:

	2021	2020
Balance, beginning of year	$ 14,226,513	$ 9,120,917
Add: Cash received by Treasury on behalf of the Fund	3,687,744	27,506,867
Less: Payments made by Treasury on the Fund's behalf	(8,358,267)	(22,401,271)
Add: Government transfers receivable from GNWT	3,300,000	-
Balance, end of year	$ 12,855,990	$ 14,226,513

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.

8. 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 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:

	2021	2020
Cumulative AIF revenue	**$ 11,896,093**	$ 11,107,124
Cumulative AIF expenses	**(4,102,973)**	(3,687,000)
Surplus of revenue over expenses	**$ 7,793,120**	$ 7,420,124

The excess of AIF revenues over expenses is recorded as deferred revenue.

9. Deferred revenue

Deferred revenue is comprised of:

	2021	2020
Airport improvement fees	**$ 7,793,120**	$ 7,420,124
Government transfers - Runway Lighting Upgrade project	**1,894,743**	1,592,076
	$ 9,687,863	$ 9,012,200

10 Employee future benefits

The employee future benefits liability is as follows:

	2021	2020
Ultimate removal	**$ 21,905**	$ 25,685
Severance	**14,197**	17,182
Sick leave	**25,530**	29,418
Special leave	**2,410**	2,877
Annual leave and lieu time	**327,532**	200,714
	$ 391,574	$ 275,876

Removal benefits are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2021. The effective date of the next actuarial valuation is March 31, 2022.

11. Tangible capital assets

	Cost	Accumulated Amortization	March 31, 2021	March 31, 2020
Buildings	$ 29,938,382	$ 3,469,864	$ 26,468,518	$27,993,004
Water/sewer works	453,919	95,983	357,936	381,932
Machinery, equipment and vehicles	7,864,843	1,477,190	6,387,653	5,281,835
Airstrips/runways	4,222,175	1,764,983	2,457,192	3,066,008
Work in progress	2,862,615	-	2,862,615	3,267,034
Fuel Tanks	109,924	-	109,924	-
	$ 45,451,858	$ 6,808,020	$ 38,643,838	$39,989,813

Schedule 1 provides a breakdown of tangible capital assets and work in progress.

12. Government transfers

The Fund received and recorded as revenue the following grants:

Received from	Type of transfer	Project	2021	2020
Canadian Air Transport Security Authority	Capital	Baggage Handling System	$ 224,684	$ 1,779,726
Government of Northwest Territories	Capital	Tangible capital assets	-	12,053,851
Government of Northwest Territories	Operating	Supplementary funding - COVID-19	3,300,000	-
			$ 3,524,684	$ 13,833,577

13. 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.

14. Budget Information

The budget figures are from the 2020-2021 Main Estimate approved by the Legislative Assembly of the Northwest Territories and are unaudited.

15. Contractual obligation

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2021 the commitments amounted to $6,648,634. The annual payments for these commitments are as follows:

	2022	2023	2024	2025
Equipment leases	$ 1,929	$ 1,887	$ -	$ -
Service contracts	1,340,347	245,773	165,404	5,333
Construction projects	4,887,962	-	-	-
	$ 6,230,238	$ 247,660	$ 165,404	$ 5,333

16. 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:

	2022	2023	2024	2025	2026 and subsequent years
Leases	$ 2,077,417	$ 1,860,569	$ 1,827,200	$ 21,060,652	
Licenses	392,873	293,416	239,860	393,858	
	$ 2,470,290	$ 2,153,985	$ 2,067,060	$ 21,454,510	

17. Comparative Amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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:

(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 $13,681,098 (2020 - $15,777,877). 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, 2021, the accounts receivable past due are as follows:

	30 days	60 days	90 days	Over 120 days	Total
Accounts receivable	$ 699,548	$ 24,146	$ 6,428	$ 235,456	$ 965,578

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 $95,138 (2020 - $223,777).

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, 2021, receivables from two (2020 - two) customers comprised 52% (2019 - 40%) 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 $10,373,112. Financial liabilities consist of accounts payable and accrued liabilities. All of the Fund's financial assets and financial liabilities as at March 31, 2021 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 15.

19. Revenue by object

The following is a summary of revenues by object.

For the year ended March 31	2021 Actual	2020 Actual
Apron fees	$ 33,359	$ 139,934
Concession fees	30,217	252,248
Landing and terminal fees	1,069,306	6,285,834
Leases	693,001	2,615,247
Parking	47,756	238,179
Recoveries	366,811	424,437
Other	6,012	98,312
Total Revenue	**$ 2,246,462**	$ 10,054,191

20. Expenses by object

For the year ended March 31	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Amortization	$ 2,342,000	$ 2,389,818	$ 2,702,628
Bad debts (recovery)	2,000	(128,688)	223,304
Computer hardware and software	140,000	223,361	247,580
Contract services	2,100,000	1,476,108	1,569,095
Fees and payments	20,000	46,484	8,222
Materials and supplies	700,000	586,057	882,015
Purchased Services	110,000	62,436	136,138
Travel	30,000	108	5,723
Utilities	160,000	104,927	128,409
Salaries and benefits	4,600,000	4,518,373	4,585,139
Total Expenses	**$ 10,204,000**	**$ 9,278,984**	$ 10,488,253

SCHEDULE 1

Yellowknife Airport Revolving Fund

Schedule of Tangible Capital Assets

For the Year Ended March 31, 2021

	Buildings	Fuel Tanks	Machinery, equipment and vehicles	Water & sewer works	Airstrips	Work in progress	Total 2021	Total 2020
Cost								
Balance, beginning of the year	$30,264,510	$ -	$ 6,293,545	$ 453,919	$ 4,222,175	$ 3,267,034	$ 44,501,183	$26,791,141
Add: contributed tangible capital assets received	-	-	-	-	-	-	-	12,053,851
Add: additions during year	-	109,924	408,241	-	-	661,127	1,179,292	5,656,191
Add: transfers to tangible capital assets	(326,128)	-	1,383,207	-	-	(1,065,545)	(8,466)	-
Less: disposals during the year	-	-	(220,150)	-	-	-	(220,150)	-
Balance, end of year	29,938,382	109,924	7,864,843	453,919	4,222,175	2,862,616	45,451,859	44,501,183
Accumulated Amortization								
Balance, beginning of year	2,271,506	-	1,001,710	71,987	1,156,167	-	4,501,370	1,798,742
Add: amortization	1,198,358	-	558,648	23,996	608,816	-	2,389,818	2,702,628
Less: accumulated amortization on disposals	-	-	(83,167)	-	-	-	(83,167)	-
Balance, end of the year	**3,469,864**	**-**	**1,477,191**	**95,983**	**1,764,983**	**-**	**6,808,021**	**4,501,370**
Net Book Value	**$26,468,518**	**109,924**	**6,387,652**	**357,936**	**2,457,192**	**2,862,616**	**38,643,838**	**39,999,813**
2020 Net Book Value	$27,993,004	$ -	$ 5,291,835	$ 381,932	$ 3,066,008	$ 3,267,034	$ 39,999,813	

GNWT ENR - Environment Fund

Financial Statements

March 31, 2021

GNWT ENR - Environment Fund

Financial Statements

March 31, 2021

	Page
Management Responsibility Statement	3
Independent Auditor's Report	4 - 6
Statement of Operations	7
Statement of Changes in Fund Balances	8
Statement of Financial Position	9
Notes to the Financial Statements	10 - 16
Schedule of Beverage Container Program	17
Schedule of Electronic Recycling Program	18
Schedule of Other Programs and Initiatives	19

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

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 28, 2021

Crowe MacKay LLP
5103 51st Street, PO Box 727
Yellowknife, NWT X1A 2N5
Main +1 (867) 920-4404
Fax +1 (867) 920-4135
www.crowemackay.ca

Independent Auditor's Report

To the Minister of GNWT ENR - Environment Fund

Qualified Opinion
We have audited the financial statements of GNWT ENR - Environment Fund, which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in fund balances for the 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 GNWT ENR - Environment Fund as at March 31, 2021 and the results of its operations for the then ended in accordance with Canadian public sector accounting standards.

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 $6,090,631 (2020 - $5,307,973), depot handling fees $904,229 (2020 - $860,181), processing fees $291,310 (2020 - $471,135) and refundable deposits $2,288,484 (2020 - $2,373,662). 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, 2021 and 2020, accounts receivable, accounts payable or fund balances as at March 31, 2021 and 2020.

The Environment Fund Fund includes a liability for unredeemed containers in the amount of $912,432 (2020 - $796,196) 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, 2021 and 2020.

Wages and benefits of $1,167,870 (2020 - $815,510) 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, 2021 and 2020, liabilities and fund balances as at March 31, 2021 and 2020.

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.

Crowe MacKay LLP

Yellowknife, Canada
June 28, 2021

Chartered Professional Accountants

GNWT ENR - Environment Fund

Statement of Operations

For the ended March 31,	2021	2020
Revenues		
Beverage Container Program (schedule 1)	**$ 6,398,865**	$ 5,688,498
Electronic Recycling Program (schedule 2)	**315,975**	235,255
Other Programs and Initiatives (schedule 3)	**552,862**	599,534
	7,267,702	6,523,287
Expenses		
Beverage Container Program (schedule 1)	**4,662,516**	5,011,534
Electronic Recycling Program (schedule 2)	**260,398**	283,144
Other Programs and Initiatives (schedule 3)	**730,857**	332,158
	5,653,771	5,626,836
Excess of revenues over expenses	**$ 1,613,931**	$ 896,451

GNWT ENR - Environment Fund

Statement of Changes in Fund Balances

For the ended March 31, 2021

	Unrestricted	Equipment replacement reserve	Total 2021	Total 2020
Balance, beginning of period	$ 4,716,608	$ 423,679	**$ 5,140,287**	$ 4,243,836
Excess of revenues over expenses	1,613,931	-	**1,613,931**	896,451
Transfer to reserve (Note 3c)	(30,396)	30,396	**-**	-
Balance, end of period	**$ 6,300,143**	**$ 454,075**	**$ 6,754,218**	$ 5,140,287

GNWT ENR - Environment Fund

Statement of Financial Position

March 31,	2021	2020
Assets		
Accounts receivable	**$ 876,953**	$ 909,304
Due from Treasury (note 4)	**7,189,347**	5,207,662
Loan receivable (note 5)	**15,250**	14,464
	$ 8,081,550	$ 6,131,430
Liabilities		
Accounts payable and accrued liabilities	**$ 414,900**	$ 194,947
Unredeemed container liability (note 6)	**912,432**	796,196
	1,327,332	991,143
Fund balances		
Unrestricted	**6,300,143**	4,716,608
Equipment replacement reserve	**454,075**	423,679
	6,754,218	5,140,287
	$ 8,081,550	$ 6,131,430

Approved on behalf of the board:

Deputy Minister

Director, Finance and Capital Planning

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.

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.

Central banks and governments, including Canadian federal, provincial, and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Depots and processing centres were closed in March 2020 and began reopening in June 2020. Once travel was permitted between communities and regions, the Environment Fund organized satellite depots in communities where local operators faced difficulties reopening.

During the period, there was an amendement to the Single use Retail Bag regulation that resulted in no surcharges being incurred on sale of single use bags from March 28, 2020 to June 30, 2020.

3. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian public sector accounting standards.

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.

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 2021 transfer is $30,396 (2020 - $30,396). During the year the Department of Environment and Natural Resources purchased equipment of $0 (2020 - $61,897) on behalf of the Fund.

(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.

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

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(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.

5. Loan receivable

The Fund loaned two (2020 - one) bottle depot operators funds to be used to pay persons returning empty beverage containers to the depots.

		2021		2020
Loan receivable, non-interest bearing and repayable in monthly installments of $536 starting on May 1, 2018. Final payment due on November 1, 2021.	**$**	**11,250**	$	14,464
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**		-
	$	**15,250**	$	14,464

6. Unredeemed container liability

The unredeemed container liability is an amount that is equal to 15% (2020 - 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

8. Related party transactions (continued)

	2021	2020
Revenue		
NWT Liquor Commission - Beverage container program fees	**$ 1,911,742**	$ 2,008,473
Expenses		
Wrigley District Education Authority - Chief Julian Yendo School - Grants and contributions	**$ 2,063**	$ 4,813
Government of the Northwest Territories - Human Resources - Payroll	**1,167,870**	815,509
Marine Transportation Services - Freight	**52,451**	73,458
	$ 1,222,384	$ 1,787,560
Accounts receivable		
NWT Liquor Commission	**$ 168,229**	$ 156,603

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 $8,066,300 (2020 - $6,131,430). All financial assets are considered current except for the loan receivable referenced in Note 5.

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, 2021, receivables from 3 (3 - 2020) customers comprised approximately 47% (2020 - 50%) of the total outstanding receivables. The Fund reduces this risk by regularly assessing the credit risk associated with these accounts.

10. Subsequent events

Subsequent to year end, the Environment Fund re-opened the Waste Reduction and Recycling Initiative which provides up to $50,000 per project to Northwest Territories based entities to complete projects related to reduction, reuse and recycling of materials.

At the time of approval for the financial statements, the Environment Fund had not approved any projects relating to the Waste Reduction and Recycling Initiative.

Schedule of Beverage Container Program

Schedule 1

	2021	2020
Revenues		
Beverage container program fees	**$ 6,090,631**	$ 5,307,973
Salvage	**254,531**	295,214
Interest revenue	**52,298**	84,386
Recoveries	**1,405**	925
	6,398,865	5,688,498
Expenses		
Advertising and promotion	**11,653**	2,263
Contract service - satellite depot	**78,950**	102,498
Depot handling fees	**904,229**	860,181
Equipment, supplies and maintenance	**107,531**	125,999
Freight	**254,136**	320,763
Grants and contributions	**91,250**	92,103
Insurance	**13,759**	14,271
Office and software	**5,027**	6,109
Processing centre handling fees	**291,310**	471,135
Processing centre salvage	**48,025**	54,377
Quality control fees	**35,902**	42,716
Refundable deposit fees	**2,288,484**	2,373,662
Storage	**50,000**	35,335
Travel and training	**7,300**	4,355
Wages and benefits	**474,960**	505,767
	4,662,516	5,011,534
Excess of revenues over expenses	**$ 1,736,349**	$ 676,964

Schedule of Electronic Recycling Program

Schedule 2

	2021	2020
Revenues		
Electronic recycling program fees	**$ 315,975**	$ 235,255
Expenses		
Advertising and promotion	**5,000**	13,693
Contract service - satellite depot	**13,500**	10,950
Depot, processing centre and recycling fees	**68,768**	87,786
Equipment, supplies and maintenance	**-**	12
Freight	**9,402**	24,448
Professional fees	**36,445**	36,369
Storage	**4,800**	6,000
Travel and training	**-**	1,947
Wages and benefits	**122,483**	101,939
	260,398	283,144
Excess (deficiency) of revenues over expenses	**$ 55,577**	$ (47,889)

GNWT ENR - Environment Fund

Schedules to the Financial Statements

For the ended March 31,

Schedule of Other Programs and Initiatives

Schedule 3

	2021	2020
Revenues		
Single-use retail bag program fees	**$ 552,862**	$ 599,534
Expenses		
Advertising and promotion	**20,112**	29,620
Grants and contributions	**64,080**	5,000
Contract services - satelitte depot	**28,368**	21,945
Office	**12,786**	2,662
Professional fees	**32,000**	48,388
Travel and training	**3,084**	16,739
Wages and benefits	**113,154**	74,604
Wages and benefits – Policy development	**419,945**	115,531
Wages and benefits - Waste reduction and recycling	**37,328**	17,669
	730,857	332,158
Excess (deficiency) of revenues over expenses	**$ (177,995)**	$ 267,376

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT

FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

TABLE OF CONTENTS

Managements' Responsibility for Financial Reporting	
Independent Auditors' Report	
Statement of Financial Position	1
Statement of Changes in Net Assets Available for Benefits	2
Statement of Changes in Pension Obligations	3
Notes to the Financial Statements	4 - 14

NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
TERRITOIRES DU NORD-OUEST
ASSEMBLÉE LÉGISLATIVE

WWW.ASSEMBLY.GOV.NT.CA
WWW.ASSEMBLY.GOV.NT.CA/FR

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

Glen Rutland, Acting Clerk

August 24, 2021

P.O. Box 1320 | Yellowknife | Northwest Territories | XIA 2L9 | Tel: 867-767-9130 | Fax: 867-920-4735
C. P. 1320 | Yellowknife | Territoires du Nord-Ouest | XIA 2L9 | Tel.: 867-767-9130 | Telecopieur: 867-920-4735

ASHTON
Chartered Accountants
Business Advisors

Suite 8 - 6 Courtoreille Street
Hay River, NT X0E 1G2
PH: (867) 874-6775
FX: (867) 874-3775
Email: tashton@ashtonca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Legislative Assembly Retiring Allowance Fund

Opinion

We have audited the financial statements of Legislative Assembly Retiring Allowance Fund (the Fund), which comprise the balance sheet as at March 31, 2021, and the statements of earnings, retained earnings 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, 2021, and the results of its operations and cash flows 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 the 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)

- 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 24, 2021

Ashton, Chartered Professional Accountants

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	$ 16,500	$ 33,498
Accrued Interest Income	17,600	19,512
	34,100	53,010
INVESTMENTS (Note 4)	23,558,600	19,521,755
	$ 23,592,700	$ 19,574,765
LIABILITIES		
CURRENT		
Accounts Payable	$ 39,880	$ 50,940
NET ASSETS AVAILABLE FOR BENEFITS per page 2	23,552,820	19,523,825
PENSION OBLIGATIONS per page 3 (Note 5)	19,306,300	16,822,200
PENSION PLAN FUND SURPLUS	$ 4,246,520	$ 2,701,625

APPROVED

Speaker

Clerk

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended March 31, 2021

	2021	2020
INCREASE IN ASSETS		
Contributions:		
Members	224,492	228,253
Government of the NWT	785,000	550,000
In-Kind Contributions	7,500	7,000
	1,016,992	785,253
Investment Income:		
Interest	271,404	336,830
Dividends	265,376	325,973
Gain on Sale of Investments	1,319,373	1,811,991
	1,856,153	2,474,794
Current Period Change in Fair Values of Investments	2,358,481	(2,513,988)
Net Investment Income	4,214,634	(39,194)
Total Increase in Assets	5,231,626	746,059
DECREASE IN ASSETS		
Benefits		
Pension Payments	1,029,039	1,011,420
Termination/Lump sum Payments	-	5,030,728
Total Benefits	1,029,039	6,042,148
Administrative		
Actuary Fees	50,448	38,539
Audit Fees	7,500	7,000
Investment Management Fees	85,233	71,842
Meeting Travel & Accommodation	-	11,703
Trustee Fees	30,411	33,452
Total Administrative	173,592	162,536
Total Decrease in Assets	1,202,631	6,204,684
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	$ 4,028,995	$ (5,458,625)
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	19,523,825	24,982,450
END OF YEAR	$ 23,552,820	$ 19,523,825

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2021

	2021	2020
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Benefits	$ 748,000	$ 890,900
Benefits Accrued	813,000	838,000
Experience Loss	2,174,100	-
	3,735,100	1,728,900
DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	$ 1,251,000	$ 5,649,000
Experience Gains	-	-
	1,251,000	5,649,000
INCREASE IN PENSION OBLIGATIONS	2,484,100	(3,920,100)
PENSION OBLIGATIONS, BEGINNING OF YEAR	16,822,200	20,742,300
PENSION OBLIGATIONS, END OF YEAR	$ 19,306,300	$ 16,822,200
AS REPRESENTED BY		
Active Members	$ 3,364,500	$ 1,790,300
Pensioners & Terminated Members	15,941,800	15,031,900
	$ 19,306,300	$ 16,822,200

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

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 lessor 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The Significant polices 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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

3. ACCOUNTS RECEIVABLE

	2021	2020
Member Contributions	$ 9,000	$ 26,498
In-Kind Contributions- GNWT	7,500	7,000
	$ 16,500	$ 33,498

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:

	2021		2020	
	Cost	Market	Cost	Market
Cash & Cash Equivalents	17,267	17,267	2,709	2,709
Canadian Equity Mutual Funds	3,703,060	4,358,241	4,553,097	3,751,781
International Equity Mutual Funds	6,244,787	8,085,509	6,081,047	6,476,341
Temporary Investments	90,448	90,448	89,062	89,062
Canadian Fixed Income Funds	8,570,649	8,101,672	6,296,353	6,385,282
Government of Canada Bonds	1,957,327	2,237,129	1,882,906	2,178,484
Province of Ontario Bonds	430,653	668,334	430,653	638,096
	$ 21,014,191	$ 23,558,600	$ 19,335,827	$ 19,521,755

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.

TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

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:

	2021	2020
Level 1	$ 23,558,600	$ 19,521,755

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, 2021 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.

	2021	2020
Valuation Interest Rate (net of expenses)	4.40%	4.75%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	4.40%	4.75%
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, 2021 has been obtained using a measurement date of January 31, 2021 by increasing the April 1, 2020 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

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.

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.

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.

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, 2021, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On August 24, 2021, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2021.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2021

TABLE OF CONTENTS

	Page
Management's Responsibility for Reporting	
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Fund Balances	3
Notes to the Financial Statements	4 - 5

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 9, 2021

AVERY COOPER & CO. LTD.
Chartered Professional Accountants

4918—50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
www.averycooper.com

Telephone: (867) 873-3441
Facsimile: (867) 873-2353
Toll-Free: 1-800-661-0787

INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Natural Resources of
The Natural Resources Conservation Trust Fund

Opinion
The Natural Resources Conservation Trust Fund 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, 2021, 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.

- 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.
Chartered Professional Accountants
Yellowknife, NT

June 9, 2021

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2021

ASSET

	2021	2020
CURRENT		
Cash	$ 240,583	$ 241,460

LIABILITY

CURRENT		
Accounts payable and accrued liabilities	$ 2,700	$ 2,700

FUND BALANCES

CAPITAL PORTION per page 3	187,828	187,828
INTEREST PORTION per page 3	50,055	50,932
	237,883	238,760
	$ 240,583	$ 241,460

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

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2021

	2021	2020
REVENUE		
Interest income	$ 2,011	$ 5,217
EXPENSES		
Professional fees	2,888	2,700
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (877)	$ 2,517

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2021

	2021		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 50,932	$ 238,760
Deficiency of revenue over expenses	-	(877)	(877)
BALANCE, closing	$ 187,828	$ 50,055	$ 237,883

	2020		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 48,415	$ 236,243
Excess of revenue over expenses	-	2,517	2,517
BALANCE, closing	$ 187,828	$ 50,932	$ 238,760

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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.

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, 2021

TABLE OF CONTENTS

	Management's Responsibility for Financial Reporting
	Independent Auditors' Report
	Estate & Trust Fund
Statement I	Balance Sheet
Statement II	Statement of Operations
Statement III	Statement of Changes in Estate & Trust Fund Balance
	Notes to the Financial Statements

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

Brian J. Asmundson
Public Trustee

May 19, 2021

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, 2021, 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, 2021, 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 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 responsibility 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
May 19, 2021

STATEMENT I

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

BALANCE SHEET
March 31, 2021

ASSETS

	2021	2020
Cash (Note 3)	$7,851,627	$7,780,534
Other assets at nominal value (Note 2b)	1	1
	$7,851,628	$7,780,535

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	$ 27,916	$ 66,855
Public Trustee Management Fund (Note 6)	24,115	28,741
Estate & Trust Fund per Statement III (Note 5)	7,799,597	7,684,939
	$7,851,628	$7,780,535

Approved:

Brian J. Asmundson

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, 2021

	2021	2020
Undistributed Common Fund earnings, opening	$ 66,855	$ 72,309
Add:		
Common Fund earnings	66,024	151,094
Less:		
Interest paid to estates and trusts (Statement III)	98,448	139,127
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	6,516	17,421
	104,964	156,548
Increase (decrease) in Undistributed Common Fund earnings balance	(38,940)	(5,454)
Undistributed Common Fund earnings, closing (Note 4)	$ 27,915	$ 66,855

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, 2021

	2021	2020
Estate & trust funds provided:		
Estate and trust assets received	$ 1,583,936	$ 3,317,267
Common Fund interest paid to estates and trusts (Statement II)	98,448	139,127
	1,682,384	3,456,394
Estate & trust funds applied:		
Payments to beneficiaries	652,000	1,138,545
Disbursements made on behalf of estates and trusts	854,318	863,587
Administration fees (Note 2c)	57,843	162,891
GST on Administration fees	2,889	8,145
Court fees	676	1,178
	1,567,726	2,174,346
Increase in Estate & Trust Fund balance	114,658	1,282,048
Estate & Trust Fund balance, opening	7,684,939	6,402,891
Estate & Trust Fund balance, closing (Note 5)	$ 7,799,597	$ 7,684,939

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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 $57,843 (2020 - $162,891) 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, 2021

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:

	2021	2020
Common Fund	$7,799,597	$7,684,938
Other assets at nominal value	1	1
	$7,799,598	$7,684,939

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:

	2021	2020
Public Trustee Management Fund balance, opening	$28,741	$21,820
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	6,516	17,421
Less:		
Costs incurred in respect of the annual audit	(11,000)	(10,500)
Public Trustee Management Fund balance, closing	$24,115	$28,741

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, 2021

	2021	2020
Loans Receivable, opening balance	40,799	41,129
Loans granted during the year	5,682	5,633
	46,481	46,761
Less:		
Principal amount of loans repaid	(2,181)	(3,104)
Principal amount of loan forgiveness	-	(279)
Principal amount of loan remissions	(1,933)	(2,005)
Principal Amount of Northern Bonus	(444)	(575)
Loans Receivable, closing balance	41,925	40,799
Less:		
Allowance for remissable and doubtful loans	(17,655)	(17,133)
Net Loans Receivable, closing balance	**24,269**	**23,666**
Effect of Students Loan Fund on Government Operations		
Interest earned and credited to general revenues	148	296
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		
Less:		
Collection agency fees	(2)	(2)
Estimated provision for remission and doubtful accounts	(2,913)	(3,176)
Operating deficiency for the year	**(2,768)**	**(2,882)**

Approved:

Rita Mueller
Deputy Minister
Department of Education, Culture and Employment

Marissa Martin
Director, Finance and Capital Planning
Department of Education, Culture and Employment

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.

To support student loan borrowers during the COVID-19 pandemic, the Government of the Northwest Territories announced that the repayment of all student loans were to be suspended from April 1, 2020 to September 30, 2020 this includes suspension of any interest receivable.

b) Expenses

Loans are granted to students and recorded as expenditures as eligibility criteria are met by students over their period of study.

c) 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:

	2021	2020
Allowance for Forgiveness – Remissible Loans	$ 6,591	$ 6,156
Allowance for Doubtful Accounts – Repayable Loans	11,064	10,977
Total Allowance	**$17,655**	**$17,133**

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
Yellowknife, NT

FINANCIAL STATEMENTS

For the Year Ended January 1, 2021

TABLE OF CONTENTS

	Page
Management's Responsibility for Financial Reporting	
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Changes in Net Assets Available for Benefits	2
Statement of Changes in Pension Obligations	3
Notes to the Financial Statements	4 – 13

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

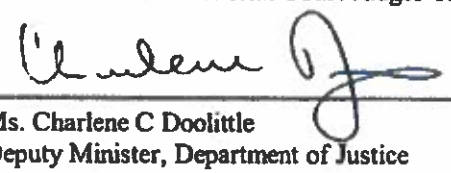
The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts 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 Pension Plan'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.

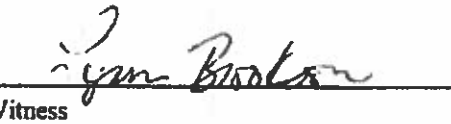
The financial statements have been reported on by Avery, Cooper & Co. Ltd., Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

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



Ms. Charlene C Doolittle
Deputy Minister, Department of Justice
Government of the Northwest Territories



Witness

May 22, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Territorial Court Judges Registered Pension Plan Fund

Opinion
We have audited the financial statements of the Territorial Court Judges' Registered Pension Plan Fund ("the Plan"), which comprise the statement of financial position as at January 1, 2021, and the statement of changes in net assets available for benefits, and the statement of changes in pension obligations, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (together "the financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Plan as at January 1, 2021, and the changes in net assets available for benefits, and the changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans relevant to preparing such financial statements.

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 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.

Without modifying our opinion, we draw attention to note 9 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 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 and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans relevant to preparing such financial statements, 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.

Those charged with governance are responsible for overseeing the Plan'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 Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate 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 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 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.

INDEPENDENT AUDITOR'S REPORT, continued

Other matter
The financial statements of the Plan for the year ended January 1, 2020 were audited by another practitioner who expressed an unqualified audit opinion on those financial statements on March 11, 2020.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

Yellowknife, NT
May 22, 2021

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

STATEMENT OF FINANCIAL POSITION
January 1, 2021

	2021	2020
ASSETS		
CURRENT		
Contributions Receivable - GNWT (Note 3)	$ 4,828	$ 21,300
Contributions Receivable - Members	6,938	5,605
	11,765	26,905
INVESTMENTS (Note 4)	7,400,982	6,700,541
	$ 7,412,747	$ 6,727,446
LIABILITIES		
CURRENT		
Accounts Payable & Accrued Liabilities	$ 18,126	$ 18,053
NET ASSETS AVAILABLE FOR BENEFITS per page 2	7,394,621	6,709,393
PENSION OBLIGATIONS per page 3 (Note 5)	7,426,200	7,266,400
DEFICIENCY		
PENSION PLAN FUND DEFICIT per page 2	$ (31,579)	$ (557,007)

APPROVED

Deputy Minister

See the accompanying notes.

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended January 1, 2021

	2021	2020
INCREASE IN ASSETS		
Contributions		
Current Service Cost	$ 88,250	$ 88,650
Members	74,950	70,391
In-Kind	9,482	35,427
	172,682	194,468
Investment Income		
Interest & Dividends	323,522	215,230
Gain on Sale of Investments	94,238	82,212
	417,760	297,442
Current Period Change in Fair Value of Investments	517,979	654,664
Net investment income	935,739	952,106
Total Increase in Assets	1,108,421	1,146,574
DECREASE IN ASSETS		
Benefits		
Pension Payments	351,878	345,234
Administrative		
Actuary Fees	-	24,374
Audit Fees	4,778	4,703
Investment Management Fees	40,694	36,573
Trustee Fees	25,843	25,810
	71,315	91,460
Total Decrease in Assets	423,193	436,694
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	$ 685,228	$ 709,880
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	6,709,393	5,999,513
END OF YEAR per page 1	$ 7,394,621	$ 6,709,393
CHANGES IN PENSION PLAN FUND DEFICIT BEGINNING OF YEAR	$ (557,007)	$ (1,896,643)
Increase in net assets available for benefits	685,228	709,880
(Increase) Decrease in pension obligations per page 3	(159,800)	629,756
Net change	525,428	1,339,636
END OF YEAR per page 1	$ (31,579)	$ (557,007)

See the accompanying notes.

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended January 1, 2021

	2021	2020
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	$ 344,400	$ 335,500
Benefits accrued	238,600	227,700
Experience (gain)/losses	-	(847,722)
	583,000	(284,522)
DECREASE IN PENSION OBLIGATIONS		
Benefits paid	423,200	345,234
INCREASE (DECREASE) IN PENSION OBLIGATIONS	159,800	(629,756)
PENSION OBLIGATIONS, BEGINNING OF YEAR	7,266,400	7,896,156
PENSION OBLIGATIONS, END OF YEAR	$ 7,426,200	$ 7,266,400

See the accompanying notes.

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

NOTES TO THE FINANCIAL STATEMENTS
January 1, 2021

1. DESCRIPTION OF PLAN

a) General

The Fund for the Territorial Court Judges Registered Pension Plan (the "Plan") represents the assets of the registered defined benefit plan covering 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 at 6% of pensionable earnings. A Territorial Court 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 taxes purposes is 995761.

b) The following description of the Territorial Court Judges' Pension Plan Fund is a summary only. For more complete information, reference should be made to the Plan Regulations.

1) 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 Plan.

In accordance with the Trust agreement, employer and member contributions required are equal to the amount certified by the Actuary as being necessary to fund the benefits accruing under the Plan. 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 requirements of section 8 of the Judges' Pension Plan Regulations.

2) Normal Retirement Age

A Judge may retire on or after attainment of age 60 without reduction in pension.

3) 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.

4) 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.

1. **DESCRIPTION OF PLAN, continued**

5) 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 at any time between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

6) 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.

7) 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 average 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.

8) 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 pro-rated 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 increases.

NOTES TO THE FINANCIAL STATEMENTS
January 1, 2021

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. They 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.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans (ASPP) require the Plan to comply on a consistent basis with either International Financial Reporting Standards (IFRS), or Canadian accounting standards for private enterprises (ASPE), to the extent that those standards do not conflict with the requirements of ASPP. The Plan has chosen to comply on a consistent basis with ASPE.

(b) Fair value hierarchy

The Plan 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 Plan 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Investments

Investments are categorized according to the fair value hierarchy using the market approach valuation technique. The Plan determines the fair value of investments based on information supplied by the investment manager. Investment transactions are recorded on the trade date.

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. This change is reflected in the statement of changes in net assets available for benefits as a current year change in the fair value of investments.

(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) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for trustee, investment management, actuarial, and audit services. These expenses are recognized in the period in which the services are provided.

Pension benefits are shown as expenses in the year of payment.

(f) Revenue recognition

Revenue from contributions and investment income are recognized on an accrual basis. Deferred revenue results from contributions for future periods invoiced in advance. Employer contributions for current service and special payment for funding deficiency must meet contributions required based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial instruments

The Plan initially measures its financial assets and financial liabilities at fair market 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.

The Plan subsequently measures its financial assets and financial liabilities, except investments, at amortized cost.

Financial assets measured at amortized cost include contributions receivable from members, and GNWT.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and pension benefits.

Investments are measured at fair value.

(h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for pension plans 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 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 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.

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

NOTES TO THE FINANCIAL STATEMENTS
January 1, 2021

3. CONTRIBUTIONS RECEIVABLE - GNWT

	2021	2020
In-Kind Contributions	$ 4,778	$ -
Current Service Contributions	50	21,300
	$ 4,828	$ 21,300

In-kind contributions arise from the payment of audit and actuary fees by GNWT, a related party, on the Plan's behalf.

4. INVESTMENTS

The Plan assets are held by RBC Investor services and invested by Phillips, Hager and North (PH&N). The following is a summary of the approximate composition of the pooled fund assets by asset type as reported by PH&N as at December 31, 2020:

	2021	2020
Cash and cash equivalents	$ 14,803	$ 60,305
Canadian equities	1,532,003	1,387,012
Global equities	3,212,026	2,854,430
Fixed income funds	2,427,522	2,398,794
Real Estate	214,628	-
Total market value of the investment portfolio	$ 7,400,982	$ 6,700,541

The book value of the investments for the year ended January 1, 2021 is $5,477,180 (2020 - $5,294,718)

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 (NAPVU 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.

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 Plan's total investment portfolio is level 1 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
January 1, 2021

5. OBLIGATIONS FOR PENSION BENEFITS

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, 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, 2019. The data and assumptions used for the January 1, 2021 obligations 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 were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2021	2020
Discount rate	4.80%	4.80%
Salary Projection Rate	3.00%	3.00%
Price Inflation	2.00%	2.00%
Real Rate of Return	2.5%	2.5%

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 funding valuation must be performed no later than April 1, 2022.

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 March 31 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, 2021.

6. MANAGEMENT OF CAPITAL

Management of the Plan defines its capital as the funded status as determined annually based on the adjusted market value of the investment assets less 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.

Per the actuarial funding valuation as at April 1, 2019, the Plan had a going concern unfunded liability in the amount of $583,400 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,

6. MANAGEMENT OF CAPITAL (continued)

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 payments are not required.

Management has adopted a Statement of Investment Policies and Procedures ("SIPP"), which sets investment objectives, guidelines, and benchmarks used in investing the Plan's assets, and defining permitted categories of investments, asset mix diversification, and rate of return expectations. The Plan's SIPP was approved on 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.

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%

With the exception of the global equities, the investments as at January 1, 2021 fell within the permitted ranges as specified by the SIPP.

7. FINANCIAL INSTRUMENTS AND RISK

The Plan's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of contributions receivable, and accounts payable and accrued liabilities. 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 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 the 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 agreed-upon terms. The Plan is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities.

7. FINANCIAL INSTRUMENTS AND RISK, continued

The Plan'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.

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.

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 & Accrued Liabilities. 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 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 Government of Northwest Territories (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.

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.

Interest rate risk
Interest rate 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 Plan is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income, assets. These principally include money market instruments and 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. 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.

7. FINANCIAL INSTRUMENTS AND RISK, continued

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.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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.

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 Plan is exposed to other price risk through its holdings in Canadian equities.

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.

8. ADMINISTRATIVE EXPENSES

Administrative expenses include fees charged by the investment manager, trustee, auditor, and actuary. Administrative costs of the Plan may be paid directly by the GNWT ot by the trustee from the Plan assets. Payments made directly by the GNWT to the Plan are recognized as a corresponding increase to the in-kind contributions.

9. CONTINGENCY

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 Plan 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 Plan's management continues to assess the impact COVID-19 will have on its operations.

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Fund Report
For the year ended March 31, 2021

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, 2021

	March 31, 2021 Unaudited	March 31, 2020 Unaudited
Opening Fund balance	$ (751,595)	-
Revenue		
Other Grants - MACA	650,000	650,000
Lottery Revenue	6,115,869	5,783,751
Program Receipient Recoveries		
Nunavut Government Recoveries	332,611	-
Fees	5,000	-
Recoveries of Prior Year Expenses	658,672	-
	7,762,152	6,433,751
Expenses		
Compensation and Benefits	393,024	436,853
Grants, Contributions and Transfers	4,617,680	6,080,185
Travel	-	24,660
Material and Supplies	97,407	76,478
Purchased Services	93,538	106,644
Utilities	-	-
Contract Services	280,244	229,653
Fees & Payments	841,032	132,230
Interest Expense	-	
Chargeback Expense	-	
Controllable Assets	8,993	90,327
Computer Hardware/Software	7,489	8,315
	6,339,406	7,185,346
Net Income	$ 1,422,746	$ (751,595)
Year End Fund balance	$ 671,151	$ (751,595)

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, 2021

	March 31, 2021 Unaudited	March 31, 2020 Unaudited
SALES		
Lottery Ticket Sales	$ 22,890,528	$ 19,831,734
Interest and other income	16,925	25,729
	22,907,453	19,857,463
DIRECT EXPENSES		
Free Tickets	1,164,870	942,580
Prizes	12,196,407	10,853,920
Retailer Commissions	1,235,309	1,099,130
Ticket Printing	310,068	325,946
	14,906,654	13,221,576
OPERATING INCOME	8,000,799	6,635,887
EXPENSES		
Amortization	139,762	103,745
Communications	138,630	113,530
Cost of premises	17,230	15,964
Draws and winning numbers publication	4,225	4,104
Employee development	3,016	5,628
Equipment	57,590	64,471
Federal Government	216,076	193,738
Freight and product transport	3,616	3,454
Goods and services tax	106,716	99,685
I. L. C. expense	10,405	17,777
Insurance and bank charges	13,021	8,873
Media & advertising	136,745	144,891
Overhead allocation	(291)	(251)
Presentations, publications and miscellaneous	1,173	2,157
Professional fees	71,596	67,470
Promotion	8,776	7,477
Supplies	2,224	2,166
Travel	380	3,573
Wages and Benefits	302,269	268,219
	1,233,159	1,126,671
EXCESS OF REVENUES OVER EXPENSES	$ 6,767,640	$ 5,509,216

Northwest Territories and Nunavut Lotteries
Schedule 2 - Contributions to Organizations
For the year ended March 31, 2021

	March 31, 2021 Unaudited	March 31, 2020 Unaudited
REVENUE		
Lottery Contribution		$ -
MACA Contribution		
	-	-
EXPENSES		
Aboriginal Sports Circle of the NWT	800,000	800,000
Inuvik and Sahtu Sport and Recreation	53,483	129,452
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	1,508,040	1,426,290
	4,321,523	4,315,742
DEFICIENCY OF REVENUES OVER EXPENSES	$ (4,321,523)	$ (4,315,742)

	March 31, 2021 Unaudited	March 31, 2020 Unaudited
Territorial Sport Organizations		
Archery - Note 6	$ 20,000	$ 20,000
Arctic Sports/Dene Games - Note 6	40,000	20,000
Athletics	65,790	65,790
Badminton	-	20,500
Basketball	100,000	100,000
Biathlon	10,000	-
Bowling	20,000	20,000
Boxing	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	-
Gymnastics	23,750	47,500
Hockey	100,000	100,000
Judo	100,000	100,000
Karate	20,000	-
Shooting	31,000	31,000
Snowboarding	47,500	47,500
Soccer	100,000	100,000
Softball	82,500	82,500
Special Olympics	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	4,000
Tennis	47,500	47,500
Volleyball	82,500	82,500
Wrestling	20,000	20,000
	$ 1,508,040	$ 1,426,290

Northwest Territories and Nunavut Lotteries
Schedule 3 - Contributions Multisport Games
For the year ended March 31, 2021

	March 31, 2021 Unaudited	March 31, 2020 Unaudited
REVENUE		
MACA Contribution	$ 650,000	$ 650,000
	650,000	650,000
EXPENSES		
Sport North Federation	68,610	1,305,207
Aboriginal Sports Circle of the NWT	-	520,682
NWT 55+ Games Association	25,000	25,000
	93,610	1,850,889
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 556,390	$ (1,200,889)

Northwest Territories and Nunavut Lotteries
Notes
For the year ended March 31, 2021

1. Basis of Presentation

The financial information in these reports for the year ended March 31, 2021 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.

Inforamtion in these reports has been formatted similarly to Main Estimates for consistency. Prior year figures have been restated.

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, 2021

	$	%
Eastern Arctic / Nunavut	3,381,815	15.8%
Western Arctic / NWT	17,979,957	84.2%
	21,361,772	100.0%

4. Number of Terminals as at March 31, 2021

	#	% of Total Sales
Eastern Arctic / Nunavut	4	15.8%
Western Arctic / NWT	30	84.2%
Total Number of Terminals	34	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.