Public Accounts 2019-2020

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, 2020

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

OTHER ENTITIES

HONOURABLE CAROLINE WAWZONEK
Minister of Finance

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Public Accounts of the
Government of the Northwest Territories

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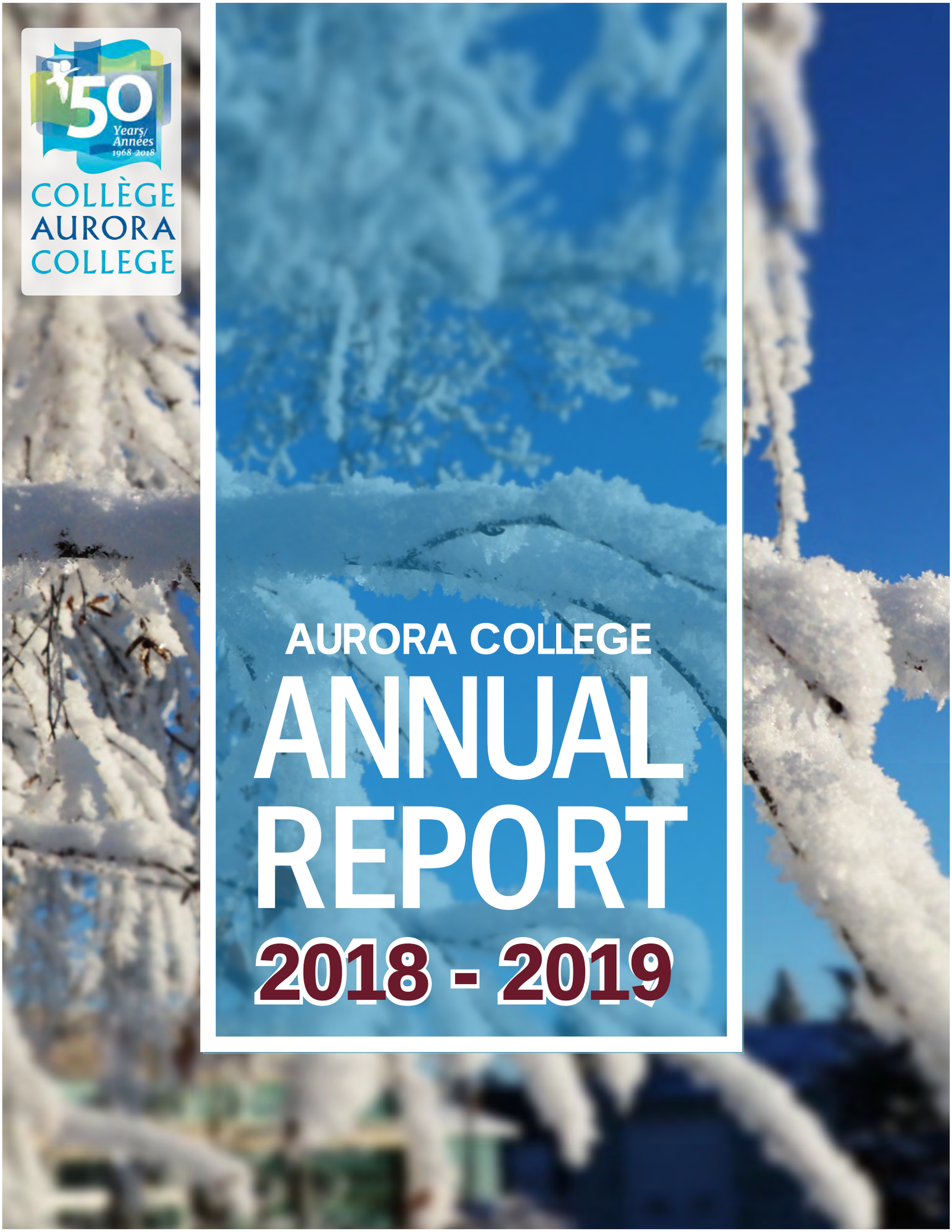

AURORA COLLEGE ANNUAL REPORT 2018 - 2019

PURPOSE

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

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 Aboriginal 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.

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Administrator's Message

One of the most satisfying aspects of my role as Administrator of Aurora College is the opportunity to connect with students and graduates during times of celebration, such as convocations and completion ceremonies. This past academic year marked the 50th anniversary of Aurora College providing adult and post-secondary education to Northerners, and it was my pleasure to be among the first to congratulate the 50th anniversary graduates.

The very first course delivered by what would become Aurora College was a Heavy Equipment Operator program west of Fort Smith in 1968, which was soon followed by a one-year Teacher Education certificate in 1969. Since then, Aurora College has grown and evolved into an institution that provides adult and post-secondary education ranging from Adult Literacy & Basic Education to post-graduate certifications.
During the anniversary year, campuses and communities held a number of events to celebrate the College's role in the NWT and recognized students, alumni, former staff and faculty, and many community and industry partners. The history and building of Aurora College is closely intertwined with the history and building of the NWT, its regions, and its communities. Every year, at least ten percent of the adult NWT population is enrolled in a workshop, course or program at Aurora College. Over the past 50 years, many leaders of the NWT (and what is now Nunavut) have attended the institution.

Through the growth from the Adult Vocational and Technical Centre (AVTC), to Thebacha College, to Arctic College, and to the current Aurora College, the goal of continuous improvement has been a constant. Programs are created and re-invigorated to meet the every-changing needs of the NWT and of the northern labour market. As Aurora College sits on the cusp of transforming into a polytechnic university, that close relationship with its many stakeholders will continue to guide the College's path forward. I look forward to continuing to be a part of that journey.

Denny Rodgers
Administrator,
Aurora College

President's Message

A new academic year is always a time of optimism, hope, and opportunity. As always, students come to Aurora College looking for help to create better lives for themselves and their families. In this respect, I've often described our "core business" as being one of hope and transformation – we are entirely about helping students to identify their dreams and working with them to achieve those dreams.

To me, this is why the path we are currently on – transforming Aurora College into a polytechnic university – is so exciting. In 2018, the Government of the Northwest Territories committed to the transformation, which will see the institution better meet the needs of our students, residents, industries, and employers. Throughout the process, we will be engaging with Indigenous governments, working with industry, communities, faculty and staff, current and potential students, and other educational institutions to ensure NWT youth and residents continue to have access to a variety of high-quality educational opportunities.

Research shows that 78 percent of in-demand jobs in the NWT over the next ten years will require some post-secondary education. Polytechnic universities provide options ranging from certificates, to trades, to degree programs, and combine the practical approach of a college education with the depth of study associated with a university.

Aurora College and the Government of the Northwest Territories will work together to fulfill the commitments to transform Aurora College into a polytechnic university. At the time of writing this, we are in the process of strengthening the foundation and planning for change. We know that a successful transformation requires that we make the right changes, in the right order, at the right time.

We will continue to serve the residents of the Northwest Territories with quality programs across a variety of disciplines, building on the excellent programs already in place in health and human services, business and leadership, and environmental and natural resource management. As an institution, we are committed to meeting learners where they are in their educational journey; our support for developmental studies will continue during and after the transformation.

The new polytechnic university will provide NWT residents with the increased educational opportunities required to access the evolving NWT labour market, now and into the future. We look forward to the journey!

Dr. Tom Weegar
President, Aurora College
Associate Deputy Minister,
Post-Secondary Education Renewal

1968-1969 to 2018-2019
50 Years of Educating Northerners

COLLÈGE AURORA COLLEGE

During the 2018-19 academic year, Aurora College celebrated 50 years of educating Northerners. Commemorative events were held at each campus and most Community Learning Centres – drum dances, community barbecues, bannock making contests, community and youth activity nights, open houses, College-themed scavenger hunts, and alumni get-togethers were some of the many special events held across the NWT. The Aurora Open Golf Tournament, which marked its 20th year in 2019, raised approximately $7,000 for scholarships for Aurora College students. Northwestern Air Lease Ltd. decorated several of their airplanes with our 50th anniversary logos.

Highlights From the 2018-2019 Academic Year

Awards & Recognition

Annika Trimble, Outreach Coordinator at the Western Arctic Research Centre with Aurora Research Institute, was awarded a 'Making a Difference' award from the Canadian Association of Science Centres (CASC) in May. CASC recognizes outstanding people, programs, and exhibits in Canada's science centres, museums, aquariums, and planetariums.

Bachelor of Education students Karen Lepine (Year 4) and Joni Tsatchia (Year 3) received $5,000 scholarships from the Association of Canadian Universities for Northern Studies. The winning research – Deh Gah Gotine (I am) – focuses on the celebration of Northern Indigenous heritage, culture, and identity.

Third-year Bachelor of Science in Nursing student Allison Forbes received the inaugural $20,000 Edets'seèhdzà Studentship Award given to support an Aurora College student involved in health research. Edets'seèhdzà [eh-dey-tsay-zah] means "stepping forward to challenge yourself" in the Tłı̨chǫ language. The studentship is provided through a partnership between Hotìì ts'eeda, Aurora College, and Aurora Research Institute. Hotìì ts'eeda is a CIHR-funded research support unit hosted by the Tłı̨chǫ Government.

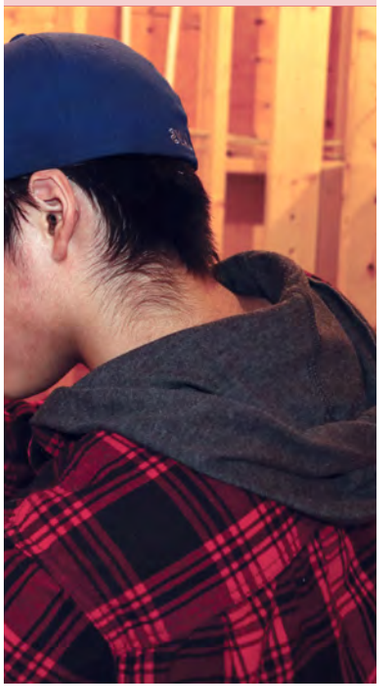
Several faculty received advanced degrees during 2018-19:
Dr. Jessica Dutton – Manager of Research Ethics & Regional Programs, Aurora Research Institute – PhD in Social and Behavioural Science, University of Toronto
Dr. Suzanne Robinson – Instructor, Developmental Studies, Yellowknife North Slave Campus – PhD in Sociology, University of Essex
Jim Stauffer – Community Adult Educator, Whatì – Master of Arts in Learning and Technology, Royal Roads University
Jennifer Waterhouse – Curriculum Development Manager – Master of Education (Lifelong Learning), Mount Saint Vincent University

New Trades Fundamentals Programs

Two 20-week trades entry programs – Fundamentals of Carpentry and Fundamentals of Electrical – were introduced in 2018-19. Both include approximately ten weeks of practical training and the first level technical training for each trade. Upon completing, students have the opportunity to write the relevant NWT Trades Entrance exam.

Transformation to Polytechnic University

The Government of the Northwest Territories has committed to transforming Aurora College into a polytechnic university so NWT residents have increased educational opportunities to succeed in accessing NWT jobs and building our economy, now and into the future. We are creating a university for the North, across the North and the transformation will build capacity at our three campuses – Thebacha, Aurora, and Yellowknife North Slave – along with the Aurora Research Institute and Community Learning Centres. Our transformation is an exciting opportunity to transform post-secondary education in the NWT and work with communities, Indigenous governments, and other educational institutions to make sure our youth and residents have access to education opportunities right here in the NWT.



Arts, Crafts & Technology Micro-Manufacturing Centre

Aurora College received $1.75 million in funding over five years with a Technology Access Centres (TAC) Grant from the Natural Sciences and Engineering Research Council's College and Community Innovation Program. TAC grants enhance small and medium-sized enterprises to become more productive and innovative by providing them with access to technology, equipment, and college expertise. The TAC supports the Arts, Crafts and Technology Micro-Manufacturing Centre (ACTMC) that merges traditional arts and crafts with new micro-manufacturing technologies. The ACTMC also received $196,500 in funding from the Canadian Northern Economic Development Agency (CanNor). The ACTMC is a joint project with the Inuvialuit Regional Corporation, the Gwich'in Tribal Council, and the Government of Northwest Territories Departments of Industry, Tourism and Investment and Education, Culture and Employment. Aurora College is the only college in the three territories to receive a TAC grant.

Matthew Dares, ARI's Manager of Technology, led the team of dedicated partners to realize the Arts, Crafts and Technology Micro-Manufacturing Centre. Their collaborative spirit and success earned the NWT Premier's Award for Collaboration 2019.

New Furniture at Campuses

Supporting the continuing development of our learning environments, new furniture was purchased for use in the communal areas of each of the three campuses. This investment provides an inviting and comfortable space that encourages learners to share, collaborate, and participate in a learning commons approach to education.

Centre for Mine and Industry Training Official Opening

On January 7, 2019, the Centre for Mine and Industry Training at Thebacha Campus was officially opened. The centre is a joint federal-territorial funded project (owned by the GNWT). The new facility is the site for the development and delivery of mining related programming. The total cost of the project was $10,395,046, with the GNWT contributing $6,316,282 to the facility.

Mother and daughter graduate with Bachelor of Science in Nursing

Jody Prince and her daughter Jordan Erickson shared a major milestone in their personal and professional lives in May – they graduated together from Aurora College's four-year Bachelor of Science in Nursing program. Jody Prince was also the recipient of the Board of Governors' Student Leadership award and the Clinical Excellence award from the Registered Nurses' Association of NWT and Nunavut.

Prior Learning Assessment and Recognition (PLAR)

Seventeen students achieved their NWT Secondary School Graduation Diplomas in 2018-19 through Prior Learning Assessment and Recognition (PLAR) or Special Cases with Aurora College. This is the highest number yet since the College adopted PLAR in 2015. Learners work with Aurora College instructors to gather evidence to support their prior learning that is considered equivalent to high school elective courses. The goal is to achieve the 100 credits required for a Grade 12 diploma, following a validation process of the prior learning by Department of Education, Culture and Employment staff.

Certificate in Indigenous Language Revitalization Pilot

In partnership with the University of Victoria and the Department of Education, Culture and Employment, the College is piloting the two-year Certificate in Indigenous Language Revitalization. The first six (of eight) courses attracted ten successful learners and a great deal of interest and attention across the NWT. The part-time pilot will continue and expand in 2019-20 with a second cohort; graduation for both cohorts is scheduled for March 2020.

Equity, Diversity and Inclusion Institutional Capacity-Building Grant

Aurora College is 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. Aurora College received $384,700 over two years to research, develop, and implement an EDI plan for a polytechnic university and to plan, develop, and implement a new Traditional Knowledge (TK) policy. The funding will be instrumental in Aurora College's transformation from a college to a polytechnic university. The new Traditional Knowledge policy will build upon Aurora College's current Traditional Knowledge policy implemented in 1996.

Research Grants and Funding

Aurora College/Aurora Research Institute were awarded more than $2.9 million from the Tri-Council (Natural Sciences and Engineering Research Council, Social Sciences and Humanities Research Council, Canadian Institutes of Health Research) for multi-year projects: $697,433 of which was received in 2018-19. In addition to Tri-Council grants, in 2018-19 Aurora College/Aurora Research Institute received $1,408,982 from other research funding sources.

The Applied Permafrost-Infrastructure Hub has received funding from multiple sources including a CIRNAC Climate Change Preparedness in the North award of $325,576, an NSERC – Entry Level Innovation Enhancement Grant for $200,000, and an NSERC Applied Research Tools and Instruments grant for $146,933. These grants support the creation of a Western Arctic Permafrost Research Network. The objective is to coordinate and centralize permafrost research data in the Beaufort-Delta region to provide data and information platforms in developing mitigation and climate-change adaption measures.

Dr. Pertice Moffitt, the Manager/Instructor, Health Research Programs at the North Slave Research Centre, is one of 12 principal investigators on the SPOR Evidence Alliance – Guideline and Systematic Reviews grant. Dr. Moffitt is conducting community partnership engagements to complete a jurisdictional review on family violence with the Community and Policing Division, Department of Justice, GNWT. The project is supported with funding from the SPOR Evidence Alliance and the GNWT. SPOR is the Strategy for Patient-Oriented Research, funded by the Canadian Institutes of Health Research.

Dr. Moffitt is also a co-investigator for the Welcoming the Sacred Spirit Indigenous maternal health research project which aims to embrace and include Indigenous Knowledge, values, teachings, and stories. This project was one of only 371 grants approved of 2,484 applications across the country for CIHR funding. The University of Manitoba will manage the $810,000 project.

Early Learning & Child Care Diploma Pilot Unique in Canada

Interest remains high in the pilot Early Learning & Child Care (ELCC) diploma, offered for the first time in 2018-19. The innovative and experiential diploma is unique in Canada for its focus on meeting the needs of Indigenous communities. After learning how to build programs for children, the ELCC students (more than 80 percent of whom are Indigenous) practice developing early childhood programming that promotes Indigenous language and culture. Pre-school children from local early child-care facilities visit the specially-designed child play-room laboratory at the College's Trades & Technology building in Yellowknife, where ELCC students deliver the programs they have designed. While the College has offered early childhood education for two decades, it has been primarily by part-time, distance delivery. Many of the ELCC students have expressed an interest in starting their own day homes in their communities.

Student Information System (SIS)

Work is close to complete on the new Student Information System (SIS); it should be operational in the fall of 2019. Implementation of the Ellucian PowerCampus system has been a multi-year joint project of Aurora College and the Department of Education, Culture and Employment. While the project had been in the planning stages for several years, its completion and implementation fulfills an important commitment made by the GNWT in the Government Response to the Aurora College Foundational Review Report. Faculty and staff will be able to enter, process, and use data to meet the multiple demands of a modern post-secondary institution more easily and accurately. Report generation will be available to provide timely information at various stages of the student lifecycle, including support for the strategic enrolment management system and student retention processes. These reports will enable Aurora College staff and faculty to better meet the needs of students.

Science, Technology, Engineering & Math (STEM) Outreach

Aurora College received $360,000 over three years from the Natural Sciences and Engineering Research Council of Canada PromoScience program. The program supports organizations that promote STEM (science, technology, engineering, and math) programming for youth, including hands-on learning experiences. Funds will be used to build upon and expand outreach activities at the Western Arctic Research Centre (WARC) in Inuvik and the South Slave Research Centre (SSRC) in Fort Smith.

SSRC offered 53 STEM outreach events, reaching 1,712 northern youth and residents. These included 32 STEM outreach visits to school classes across the South Slave with 955 student participants; ten teacher outreach events with 113 educator participants; several one-on-one and small group consultations regarding STEM instruction; 14 STEM outreach events for community groups and large public events with 435 participants; and four public research talks with 123 participants at the events and 1,300 tuning in online through livestreams.

WARC offered 211 STEM outreach events, reaching over 4,800 northern youth and residents. These included: 141 STEM outreach visits to school classes with 2,962 student participants; 13 teacher outreach events with 105 educator participants; dozens of one-on-one consultations regarding STEM instruction; 44 STEM outreach events for community groups and large public events with 1,275 participants; 13 public research talks, with 25 researchers sharing their work and 301 participants; and dozens of research facility tours highlighting ARI's role in northern research with an estimated 175 participants.

Community & Extensions

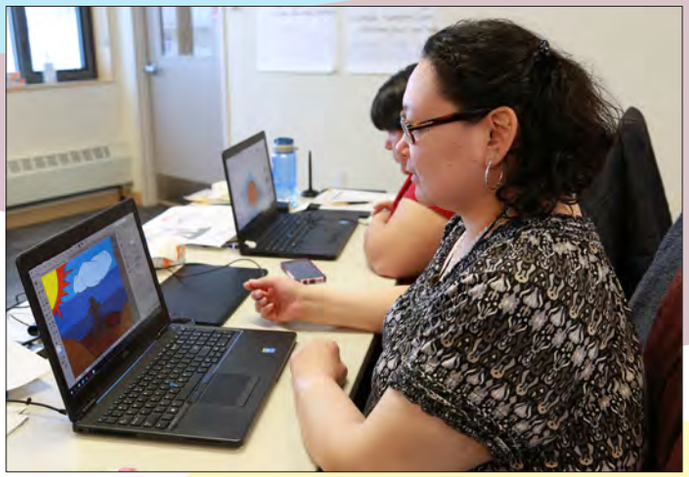
Each year Aurora College delivers academic upgrading, access, skills-based, and community programs at three campuses and 21 Community Learning Centres throughout the NWT. Aurora College works with local educators and/or itinerant instructors to provide adult upgrading or other skills-based programs. In January, all Community & Extensions staff gathered in Yellowknife for a three-day territorial in-service that focussed on developing teacher leadership capabilities.

School of Developmental Studies

• Approximately 230 learners registered in Adult Literacy & Basic Education (ALBE), Occupations & College Access (OCAP), and University & College Access (UCAP) across three campuses
• 17 Aurora College learners completed their NWT Secondary School Diploma (Grade 12) through the Prior Learning Assessment and Recognition (PLAR) or Special Cases processes
• Trades Prep 1 course offered for the first time at Aurora Campus to OCAP learners; basic carpentry course taught in Mobile Trades & Technology Lab
• On-the-land learning opportunities and Indigenization of education continue to be key components of Developmental Studies programs

Community Programming

Working with local and regional governments, organizations and businesses, Community Learning Centres tailor offerings to meet local labour market needs and requests. These are delivered in addition to academic upgrading (ALBE), and Literacy and Essential Skills (LES) courses. Some of the 2018-19 highlights include:
• More than 300 learners enrolled in ALBE at Community Learning Centres across the territory
• Second Merging Arts & Crafts with Technology and Manufacturing program in Inuvik, in partnership with Aurora Research Institute, Inuvialuit Regional Corporation, Inuvialuit Community Economic Development Organization, Gwich'in Tribal Council, and GNWT (Education, Culture & Employment and Industry, Tourism & Investment)
• Building Trades Helper in Tsiigehtchic using Mobile Trades & Technology Lab (MTTL) with a 100 percent success rate
• Marine Training, including Bridge Watch program, offered in Inuvik and Hay River in cooperation with Nunavut Marine Training Consortium, as well as Small Vessel Operator Proficiency in Tuktoyaktuk, Inuvik, and Fort MacPherson
• Country Foods Processing in Inuvik, drone mapping and ground school for drone operators, ArcGIS training in Tuktoyaktuk for climate change monitoring, environmental monitor for workers in area around Inuvik-Tuk highway
• Continuing education and community programming around the territory included courses such as Water Treatment Operator math, Substance Abuse Management, Guard Training, Tlicho Language Acquisition for non-Indigenous people, Community-based video/digital story telling, Financial Literacy, job search and employment skills, Class 7 driver training, Class 4 driver training, first aid and safety training, firearms safety, Catering Entrepreneurship
• The Integration Service and Language Instruction for Newcomers to Canada (LINC) programs are offered in Yellowknife to refugees, live-in caregivers, and newcomers, funded by



Immigration, Refugees and Citizenship Canada (IRCC)

• Yellowknife Literacy Outreach Centre provides a variety of services to a diverse population of vulnerable clients, in partnership with Yellowknife Association for Community Living and aided by a $10,000 donation from Dominion Diamond Mines

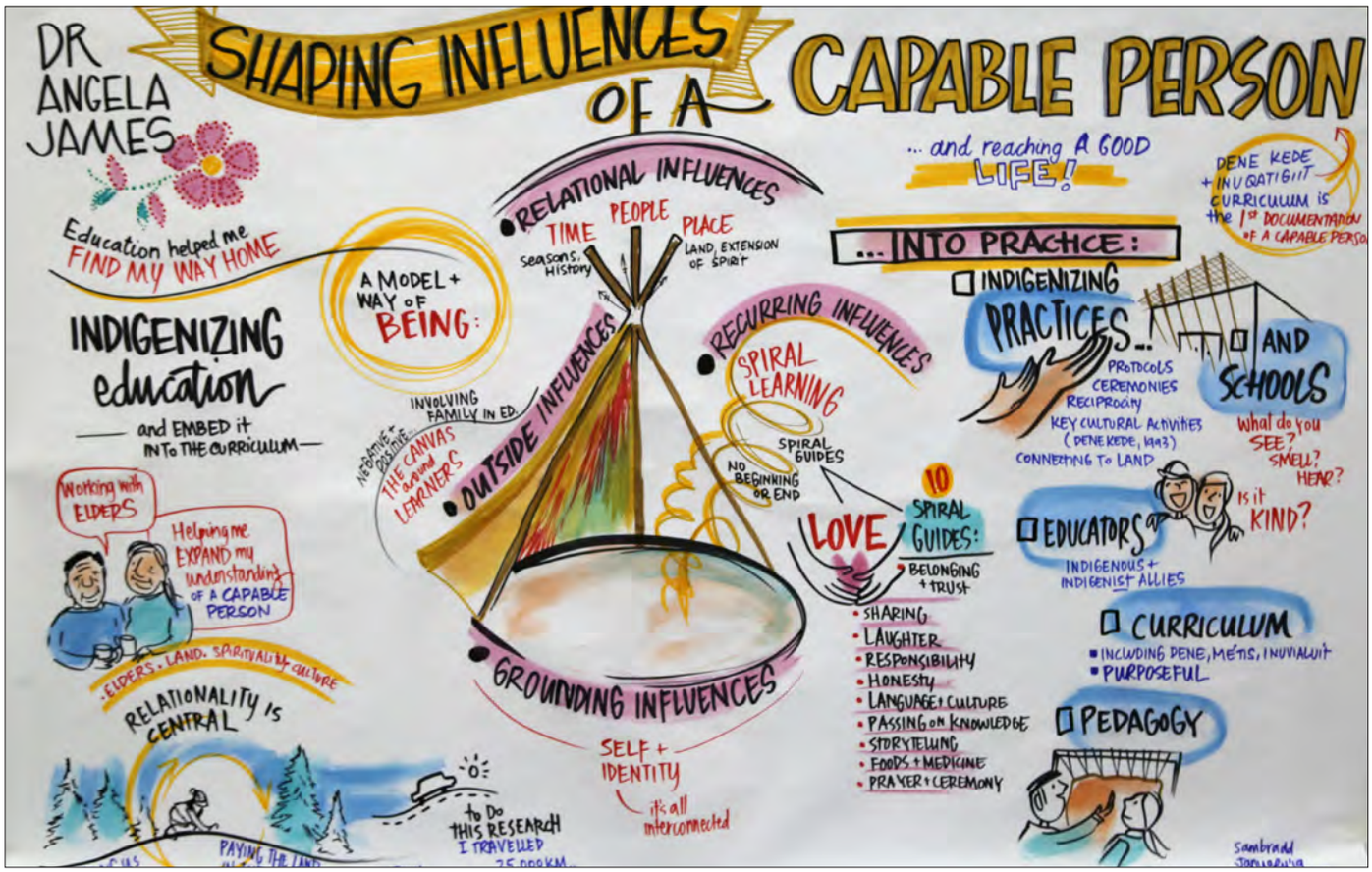
Continuing Education

• More than 1,300 participants attended Continuing Education courses or workshops at one of the three campuses in 2018-19. Courses included safety certifications, professional development, computer training, employment related courses, small business training, language courses

• Many courses were offered in partnership with or at the request of local organizations, businesses, or government departments

Northern Adult Basic Education (NABE)

The College continues to administer the NABE program (2012-2020) which is designed to improve access to basic skills upgrades – including improved literacy and numeracy – so working-age adults can participate in the labour market. Student outcomes related to the CanNor-funded program have shown improved academic outcomes in redesigned Access programs (OCAP and UCAP), the newly developed Literacy and Essential Skills courses, and ALBE. Improved outcomes include fewer dropouts, increased completions, increased male enrolments, and increased progressions to further training and education at the College.



Education & Training

With funding from multiple sources and in response to local and regional needs, the Education and Training Division provides a range of post-secondary programs leading to certificate, diploma, degree, and post-graduate credentials on three campuses and in other NWT communities. Aurora College works closely with business, industry, employer, and educational partners to ensure training meets both student and employer needs. Many of our programs undergo regular extensive accreditation processes. There are five schools within the division: Arts & Science; Business and Leadership; Education, Health and Human Services; and Trades, Apprenticeship and Industrial Training. Aurora College has a variety of accreditation and transfer agreements with other post-secondary institutions and organizations which are reviewed regularly.

School of Arts & Science

Environment and Natural Resources Technology Diploma
• Academic coursework, laboratory skills training, remote field camps, and Traditional Knowledge are combined to offer a one-of-a-kind two-year program; emphasis is on learning through experience
• Transfer agreements with University of Saskatchewan (BA Northern Studies), University of Lethbridge (BSc Environmental Science), North American Wildlife Technology Association (Wildlife Technology Program)

School of Business and Leadership

Business Administration and Office Administration are offered through a combination of video-conference, distance education, and in-class instruction

Business Administration Certificate/Diploma
• Provides skills necessary for careers in business, government, and non-profit organizations
• Diploma offers Work Experience and Accounting Stream options
• Transfer agreements with University of Saskatchewan (BA Northern Studies), University of Lethbridge, Athabasca University

Office Administration Certificate/Diploma
• Provides skills and knowledge required for administrative careers in unique NWT work environment
• Graduates can transition into Business Administration program

Northern Leadership Development Program
• Provides "front-line" and new managers/supervisors with enhanced knowledge and skills to prepare to advance to more senior positions within their organizations
• Mentorship component key to success of program

School of Education

Bachelor of Education (Years 3 & 4 only)
• Provides a uniquely Indigenous and Northern culture-based teacher education program to meet the needs of NWT students and schools
• Transfer agreement with University of Saskatchewan

Certificate in Adult Education
• Multi-level, cross-cultural, self-directed program that (in conjunction with other training and education) prepares graduates for careers such as Adult Education, Program and Curriculum Planning, Training Officers, andCommunity Educators
• Transfer agreement with University of Alberta

Early Childhood Development Certificate
• Part-time, distance education program that trains students to work with children from infancy to age six with an emphasis on pre-school ages
• Primary focus is on promoting the growth and development of healthy children

Early Learning and Child Care Diploma
• Pilot program based in Yellowknife
• Emphasis is on development of inclusive play-based curriculum for children from birth to age 11, with a focus on adapting Indigenous languages, cultures, and traditions across the curriculum
• Transfer agreement with Yukon College

School of Health & Human Services

Bachelor of Science in Nursing
• Emphasis is on educating professional nurses who promote health and healing within a variety of contexts and diverse client populations and who have an understanding and appreciation for the varied populations of the NWT
• In 2018-19, there were more than 100 students across the four years of study
• Partnerships with Stanton Territorial Hospital and NWTHSSA sites provide all students opportunities to gain experience in medical/surgical nursing, pediatric/obstetrical nursing, mental health, and community health practices
• Ongoing exchange program with Norway provides third year students the opportunity to work in the health care system in Norway while Norwegian nursing students gain clinical and classroom experiences through Aurora College
• Transfer agreement with University of Victoria

Personal Support Worker Certificate
• Prepares graduates to work closely with vulnerable populations as part of a health care team, often in residential settings or helping people where they live
• Opportunities for interdisciplinary collaboration with Bachelor of Science in Nursing students to build confidence and skills working within an interdisciplinary team
• Program is regularly offered at Yellowknife North Slave Campus but has been adapted for delivery in smaller communities as required (if required practicum positons are available)

Practical Nursing Diploma
• Provides skills and knowledge required for employment as beginning health-care practitioners
• Curriculum focusses on integrating traditional Indigenous knowledge with evidence-based nursing practice
• Currently offered at Aurora Campus in Inuvik in partnership with Inuvialuit Regional Corporation

Social Work Diploma (Year 2 only)
• 2018-19 was the final year of offering program which prepared graduates to find employment in social services positions in the NWT
• Transfer agreement with University of Regina (Bachelor of Social Work)

School of Trades, Apprenticeship and Industrial Training

Apprenticeships
• Carpenter (Years 1-4 of 4)
• Electrician (Years 1-3 of 4)
• Heavy Equipment Technician (Years 1-2 of 4)
• Housing Maintainer (Years 1-3 of 3)
• Oil Heat Systems Technician (Year 1 of 1)
• Plumber/Gasfitter B (Years 1-2 of 4)

Mine Training
• Introduction to the Mining Industry • Mineral Processing Operator • Surface Miner • Underground Miner

Trades & Industrial Training
• Building Trades Helper • Camp Cook• Fundamentals of Carpentry • Fundamentals of Electrical • Heavy Equipment Operator • Observer Communicator

School of Trades, Apprenticeship and Industrial Training Completions 2018-19

Program	# Deliveries	# Completions	Location
Apprenticeship - Carpenter Yr 1	1	5	Fort Smith
Apprenticeship - Carpenter Yr 2	1	13	Fort Smith
Apprenticeship - Carpenter Yr 3	1	6	Fort Smith
Apprenticeship - Carpenter Yr 4	1	7	Fort Smith
Apprenticeship - Electrician Yr1	1	8	Fort Smith
Apprenticeship - Electrician Yr2	1	9	Fort Smith
Apprenticeship - Electrician Yr3	1	4	Fort Smith
Apprenticeship - HET* Yr 1	1	3	Fort Smith
Apprenticeship - Oil Heat Systems Techician	1	2	Fort Smith
Apprenticeship - Plumber Yr1	1	3	Fort Smith
Apprenticeship - Plumber Yr2	1	8	Fort Smith
Camp Cook	1	6	Fort Smith
Building Trades Helper	2	19	**Fort Smith
Fundamentals of Electrical	1	4	Fort Smith
Heavy Equipment Operator	2	15	Fort Smith
Observer Communicator	4	14	Fort Smith
Small Engines Maintenance	1	5	Fort Smith
Introduction to the Mining Industry	7	35	Various
Surface Miner	2	16	Fort Smith
Totals:	**31**	**182**	

*Heavy Equipment Technician **Also delivered in Tsiigehtchic

Aurora Research Institute

As the research division of Aurora College, the Aurora Research Institute (ARI) facilitates and conducts research in the NWT and acts as a hub of northern knowledge development. ARI advances the territory's research capacity through discovery, outreach, and education at its three regional centres – the Western Arctic Research Centre in Inuvik, the South Slave Research Centre in Fort Smith, and the North Slave Research Centre in Yellowknife. Territory-wide research administration is provided by ARI headquarters which is located in the Western Arctic Research Centre.

Research Licensing

In 2018, a total of 223 research licences were issued – the most of any year to date (figure 1). The 2019 numbers are on par to meet or exceed 2018 totals. Trends in research categories (figure 2) and regions of the NWT (figure 3) are similar to recent years.

Research by Region 2019

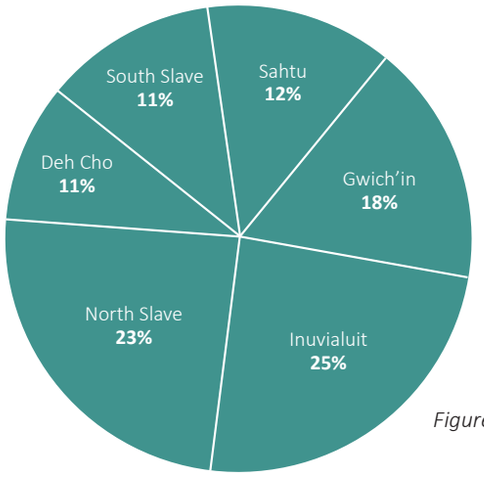


Figure 3

Licences for 2010 - 2018

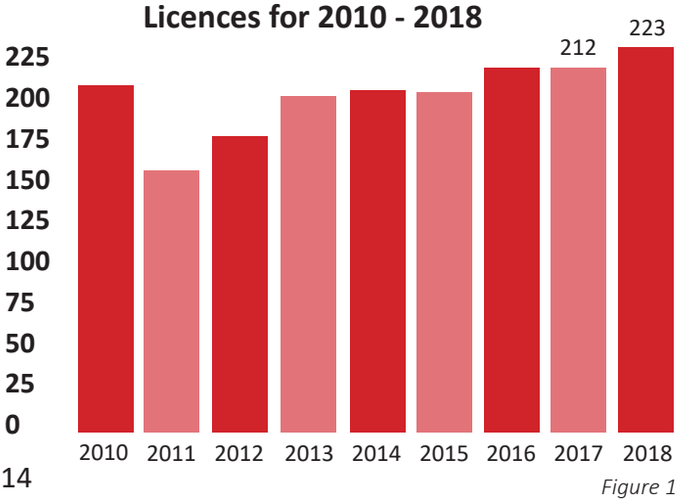


Figure 1

Research Logistics

ARI facilities supported researchers across the NWT. During the 2018-2019 fiscal year, WARC supported 287 researchers and provided 2,464 days of accommodation, 908 days of short-term facility use, and 1050 days of long-term facility use. WARC remains a partner of the International Network for Terrestrial Research and 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.

Research Categories 2018

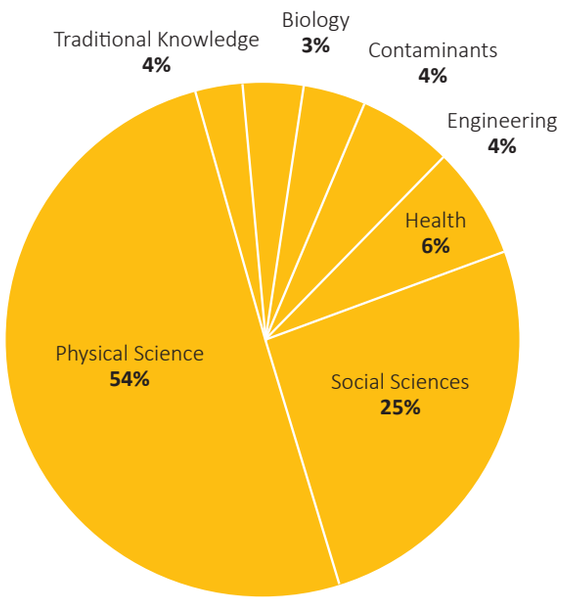


Figure 2

Student Affairs

Student Success Coordinators, Student Life and Wellness Coordinators, Student Counsellors

- Tutoring, workshops, seminars, guest speakers, job search assistance, study skills
- Address social, physical, emotional, and spiritual wellness through workshops, seminars, recreational and fun activities and events, cultural activities, family activities, holiday celebrations and meals, community outreach, healthy living events and activities, parenting workshops, and guest speakers on various topics
- One-to-one personal counselling, workshops and presentations, and assistance finding resources

Admissions and Registration

- Responsible for student admissions, registration, course changes, maintaining student records, and issuing marks, transcripts, certificates, diplomas, and all other recognition documents

Accommodation/Student Residence

- Housing choices available to students range from single dormitory-style accommodations to small apartments to three and four bedroom apartments or houses

Full Time Equivalents by Campus

CAMPUS	2018/19	2017/18	2016/17
Aurora	189.51	166.88	183.91
Thebacha	275.42	300.73	310.65
Yellowknife	274.30	315.28	285.15
TOTALS	**739.2**	**782.9**	**779.7**

Full Time Equivalents by Division

DIVISION	2018/19	2017/18	2016/17
Continuing Education	79.00	56.35	54.75
Developmental Studies	287.30	332.84	342.85
Arts & Science	23.50	41.96	49.07
Business & Leadership	90.25	74.58	61.67
Education	56.36	42.70	64
Health & Human Services	124.72	160.06	148.24
Trades, Apprenticeship & Industrial Training	78.10	74.39	59.12
TOTALS	**739.2**	**782.9**	**779.7**

Head Count by Campus

CAMPUS	18-19 FT	18-19 PT	17-18 FT	17-18 PT	16-17 FT	16-17 PT
Aurora	**124**	**450**	**107**	**410**	**105**	**483**
Thebacha	**161**	**669**	**217**	**610**	**164**	**765**
Yellowknife	**201**	**404**	**203**	**442**	**174**	**488**
TOTALS	**486**	**1523**	**527**	**1462**	**443**	**1736**

FT - FULL-TIME **PT -** PART TIME

Convocation 2019

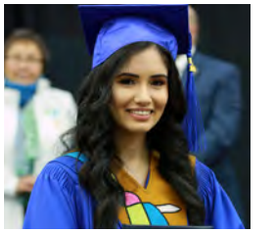
Congratulations to graduates of our certificate, diploma, and degree programs!

School of Arts & Science
Environment & Natural Resources Technology Diploma **- 6**

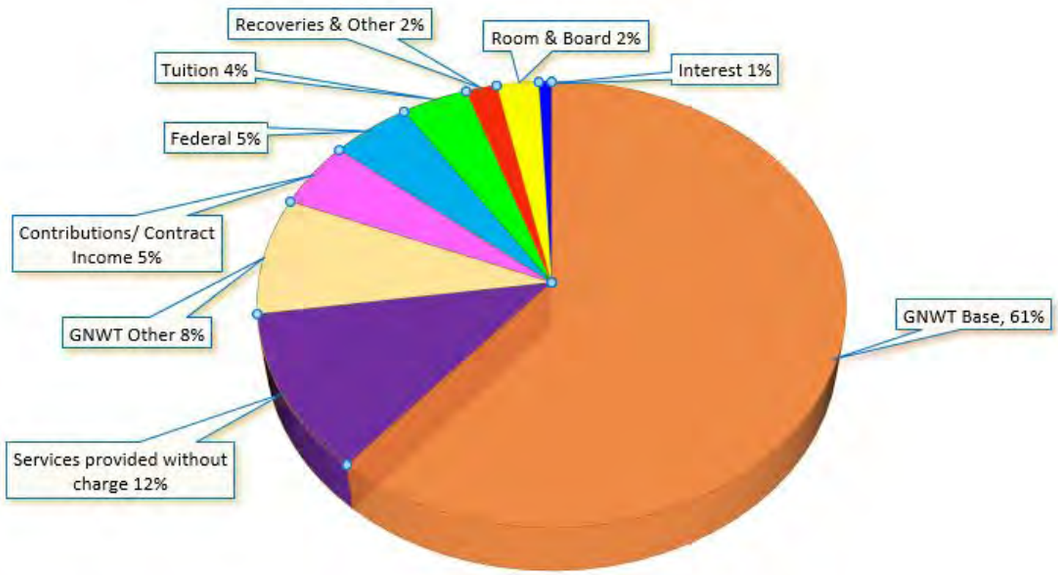
School of Business & Leadership
Office Administration Certificate **- 17**
Office Administration Diploma **- 9**
Business Administration Certificate **- 18**
Business Administration Diploma **- 17**

School of Education
Early Childhood Development Certificate **- 3**
Early Learning & Child Care Certificate **- 4**
Bachelor of Education **- 4**

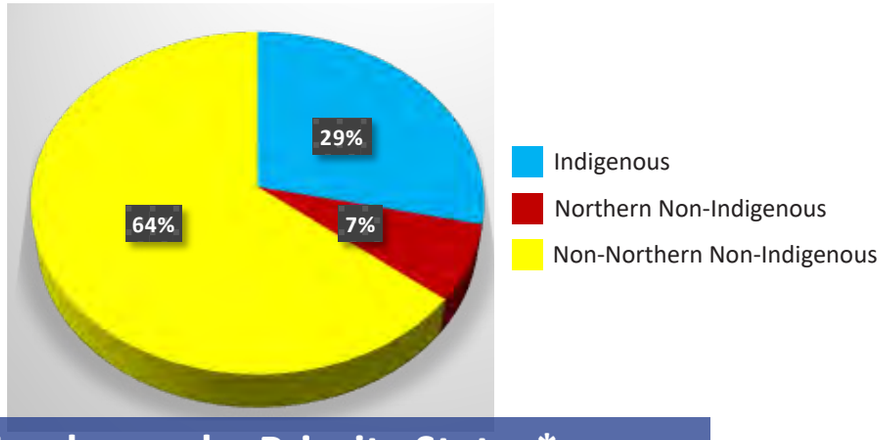
School of Health & Human Services
Personal Support Worker Certificate **- 11**
Social Work Diploma **- 4**
Bachelor of Science in Nursing **- 12**
Post-Graduate Certificate in Remote Nursing **- 7**



Supplementary Information

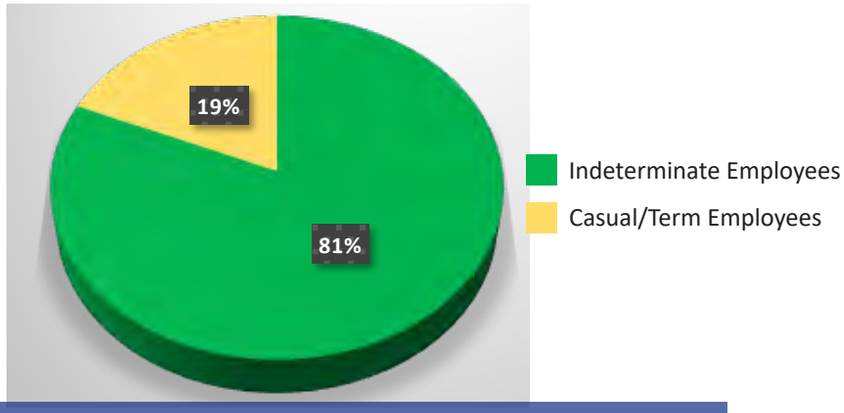


2018-19 Revenue by Source



Employees by Priority Status*

***As of January 31, 2019 (Source: Corporate Human Resources)**



Employees by Type*

Appendix A

Write-offs

A total of $24, 238.96 was approved to be written off in 2018-2019. This figure includes seven-year write-offs, write-offs of debts less than $30.00, credits less than $10.00 and write-offs for customers who filed for bankruptcy.

Name	Date	Amount
Under $30.00 Write Off		
ANSDELL, SHANTA LYNN MARIE	1/10/2019	0.01
BAXTER, REBECCA JEAN	6/13/2019	0.01
BONNETROUGE, GARRETT	12/7/2018	4.63
BOUCHER, SHYLA	2/5/2019	20.00
BOURQUE, BRADLEY	2/24/2017	18.92
CASAWAY, SWEETGRASS	1/24/2017	1.58
CAZON, SHANNON	12/1/2017	9.78
CIMON, PHILLIP	6/3/2019	9.28
CLEMENT, DANIEL	5/1/2019	12.34
DANIELS, CHELSEY ALEXANDRA	6/17/2019	0.50
DANIELS, DENE JEREMIE	6/3/2019	9.28
DESCHENE, BONNIE	3/4/2019	0.90
DRYBONES, ELIZABETH	5/27/2019	6.00
EKPAKOHAK, EPIKGHOUT	3/27/2013	16.68
GARGAN, WILMA	12/14/2012	5.20
JALIL AGA, RANA	1/10/2019	0.01
JOHNSEN, SANDRA	6/1/2017	24.00
KORIE, ZITA	1/10/2019	0.01
KOTCHILEA, TOBY J	11/30/2015	1.00
LANDRY, WILLIAM	4/5/2018	20.69
MACDONALD, NADINE M	7/13/2018	0.33
MARIE-JEWELL, JEANNIE	10/31/2017	13.73
MARIE-JEWELL, JEANNIE	9/28/2017	17.41
MARIE-JEWELL, JEANNIE	6/30/2017	18.20
MCKAY, JOANNA	5/23/2019	5.25
NADLI, ROLAND	11/5/2018	14.90
OQALLAK, JONAH	4/29/2016	5.40
PIERROT, MARY T.	1/10/2019	27.30
RABESCA, JOHN PAUL JR	12/7/2018	3.98
RAYMOND, JODIE	9/9/2013	18.48
RUBEN, CRAIG	6/3/2019	0.01
SYDNEY, MORGAN	2/2/2018	18.66
THRASHER, TIFFANY	11/13/2015	20.00
TSETSO-HORASSI, DARLENE	8/23/2017	15.83
WEDAWIN, LARRY JAMES	2/25/2015	25.00
WEYALLON, RACHENDA	12/7/2018	4.63
WEYALLON, RACHENDA	12/20/2018	24.66
Total Under $30.00 Write off		**394.59**

Name	Date	Amount
7 Year Write Off		
BENWELL, MELISSA	4/18/2012	180.00
BENWELL, MELISSA	1/18/2012	1,148.50
BOURKE, BRANDY	12/21/2011	415.00
BOURKE, BRANDY	11/18/2011	697.50
CAMPBELL, BRENITTA	6/27/2012	15.50
CAMPBELL, BRENITTA	1/18/2012	1,394.50
CAZON, MICHAEL	9/15/2011	1,240.00
COLD MOUNTAIN COMPUTING	5/23/2012	1,125.00
ELANIK, FLORENCE	3/27/2012	465.00
ELANIK, FLORENCE	2/27/2012	465.00
ELANIK, FLORENCE	2/1/2012	280.00
FENTON, JONATHON	12/7/2011	406.79
GARCIA, LUVELYN	4/4/2012	50.00
GARCIA, LUVELYN	11/30/2011	50.00
GUILD, TRAVIS	3/28/2012	50.00
GUILD, TRAVIS	3/16/2012	95.00
HEINRICHS, PHYLLIS	7/28/2011	60.00
KOE, BOBBIE ROSE	11/21/2011	38.46
KOE, BOBBIE ROSE	10/31/2011	465.00
LANDRIE, GABRIELLE SKY	5/14/2012	500.00
LANDRIE, GABRIELLE SKY	5/14/2012	420.00
LANDRIE, GABRIELLE SKY	3/20/2012	100.00
LANDRIE, GABRIELLE SKY	1/24/2012	514.50
LANDRIE, GABRIELLE SKY	1/18/2012	202.81
MARK'S WORK WEARHOUSE	3/28/2012	36.99
OLYNYK, BRAD	5/2/2012	1,021.25
OLYNYK, BRAD	1/31/2012	512.73
POKIAK, JESSICA	10/6/2011	46.25
POKIAK, JESSICA	7/29/2011	40.00
THOMAS, JENNIFER	9/21/2011	34.47
THRASHER, LLOYD	1/26/2012	290.37
TYESON'S CATERING AND CONSULTING	1/26/2012	260.00
VERMILLION, JOHN	11/24/2011	298.00
VOUDRACH, TRISH	11/21/2011	351.00
VOUDRACH, TRISH	10/6/2011	40.43
Total Over 7 Years		**13,310.05**

Name	Date	Amount
Under $10.00 Credit Write Offs		
BALLAS-KUZMAN, RYAN	9/10/2018	-0.01
BEAULIEU, FELICIA	8/20/2018	-0.98
BEAUMONT, HOWARD JAMES	2/18/2019	-0.55
BERTRAND, MEGAN M	5/1/2019	-10.00
BLACK, KRYSTAL	3/18/2019	-6.82
CHARLIE, ADELINE	9/26/2018	-8.36
CLEVELAND, CHRISTIAN JAMES	9/14/2018	-0.01
COTE, MATTHEW	6/25/2018	-0.34
GEOLOGICAL SURVEY OF CANADA, NRCAN	8/28/2018	-1.90
GNWT – DEPT LANDS SAHTU REGION	2/15/2019	-1.10
GUEVARRA, ALFREDO	9/10/2018	-0.01
KING, MONTANA	5/18/2018	-0.09
LAFFERTY, JAYDE	9/10/2018	-0.07
LEMIEUX, LUCAS	9/10/2018	-0.01
MARTEL, TYLER	9/10/2018	-0.01
NEYANDO, CHARLES	11/7/2018	-0.02
RUBEN, MADISON	12/20/2018	-5.72
SHECAPIO, DERLAND	10/1/2018	-8.36
SNOWSHOE, PETER	11/7/2018	-0.02
TUTCHO, CARLA	5/18/2018	-0.34
WEAVER, VINCENT ALFRED	8/3/2018	-4.29
Total Under $10.00 Credits		**-49.01**
Total Write-offs 2018-2019		**$13,655.63**

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 his report thereon to the Minister of Education, Culture and Employment.

Tom Weegar
President

Eric LaRochelle
Director of Finance/Chief Financial Officer

Fort Smith, Canada
November 21, 2019

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 2019, 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 2019, 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.

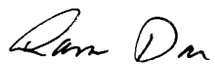
In our opinion, the transactions of Aurora College that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Aurora College Act*, we report that, in our opinion, the accounting 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 Interim Auditor General of Canada

Vancouver, Canada
21 November 2019

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2019
(in thousands of dollars)

	2019	2018
Financial assets		
Cash	$ 19,061	$ 16,040
Accounts receivable (Note 3)	2,528	2,274
	21,589	**18,314**
Liabilities		
Accounts payable and accrued liabilities	1,883	1,415
Payroll liabilities	2,114	2,274
Deferred revenue	1,996	989
Due to the Government of the Northwest Territories (Note 9)	3,106	1,862
Employee future benefits (Note 4)	1,602	1,587
Professional development fund (Note 5)	2,209	2,072
	12,910	**10,199**
Net financial assets	**8,679**	**8,115**
Non-financial assets		
Prepaid expenses	380	330
Tangible capital assets (Note 6)	6,232	5,043
	6,612	**5,373**
Accumulated surplus (Note 7)	**$ 15,291**	**$ 13,488**

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

Tom Weegar
President

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2019
(in thousands of dollars)

	2019		2018
	Budget	**Actual**	**Actual**
Revenues			
Government contributions (Note 8)	$30,709	$31,618	$31,180
Project income			
Government of the Northwest Territories	3,844	4,373	4,481
Other third party contributions	2,779	2,479	3,126
Government of Canada	2,689	2,491	2,596
Own source revenues			
Tuition fees	1,345	2,070	2,062
Recoveries and other	411	972	938
Room and board	1,162	1,306	1,060
Interest income	95	397	247
Services provided without charge (Note 10)	5,214	5,992	5,907
	48,248	51,698	51,597
Expenses			
Financial and accounting services	1,972	1,938	1,738
Pooled services	2,818	6,130	5,641
Student services	10,244	10,914	10,146
Education and training	20,264	17,508	17,962
Community and extensions	10,860	9,880	10,396
Aurora Research Institute	3,076	3,525	3,104
	49,234	49,895	48,987
Annual surplus (deficit)	**(986)**	**1,803**	**2,610**
Accumulated surplus at beginning of year	13,488	13,488	10,878
Accumulated surplus at end of year	**$12,502**	**$15,291**	**$13,488**

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, 2019
(in thousands of dollars)

	2019		2018
	Budget	**Actual**	**Actual**
Annual surplus (deficit)	$ (986)	$ 1,803	$ 2,610
Acquisition of tangible capital assets	(300)	(2,172)	(1,360)
Amortization of tangible capital assets	450	983	862
	150	(1,189)	(498)
Increase (decrease) in prepaid expenses	-	(50)	236
Increase in net financial assets	(836)	564	2,348
Net financial assets at beginning of year	8,115	8,115	5,767
Net financial assets at end of year	**$ 7,279**	**$ 8,679**	**$ 8,115**

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, 2019
(in thousands of dollars)

	2019	2018
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$35,751	$ 34,533
Students and other third parties	6,942	7,081
Government of Canada	3,369	3,015
Interest	397	220
Cash paid for/to:		
Compensation and benefits	(27,973)	(28,488)
Suppliers	(13,293)	(12,809)
Cash provided by operating transactions	**5,193**	**3,552**
Capital transactions		
Acquisition of tangible capital assets	(2,172)	(1,088)
Cash used for capital transactions	**(2,172)**	**(1,088)**
Increase in cash	**3,021**	**2,464**
Cash at beginning of year	16,040	13,576
Cash at end of year	**$19,061**	**$ 16,040**

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

Aurora College
Notes to the Financial Statements
June 30, 2019

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Measurement uncertainty (continued)

such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenue accruals.

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

	2019 (in thousands)			2018
	Accounts Receivable	Allowance	Net	Net
Government of the Northwest Territories	$ 1,328	$ 10	$ 1,318	$ 1,049
Government of Canada	453	4	449	392
Other	804	84	720	797
Students	147	106	41	36
	$ 2,732	$ 204	$ 2,528	$ 2,274

4. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and all eligible employees contribute to 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 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 (2018 - $1.01) for every dollar contributed by the employee, and $3.79 (2018 - $3.20) for every dollar contributed by the employee for the portion of the employee's salary above $169,000 (2018 - $165,000).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes $1.00 (2018 - $1.00) for every dollar contributed by the employee, and $3.79 (2018 - $3.20) for every dollar contributed by the employee for the portion of the employee's salary above $169,000 (2018 - $165,000).

4. EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

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

	2019	2018
	(in thousands)	
College's contributions	$ 2,099	$ 2,040
Employees' contributions	2,088	2,025
	$ 4,187	$ 4,065

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.

Valuation results

The actuarial valuation was completed as at June 30, 2019. The effective date of the next actuarial valuation is June 30, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the College.

4. EMPLOYEE FUTURE BENEFITS (continued)

b) Severance, removal and compensated absences (continued)

	Severance and Removal	Compensated Absences	2019	2018
			(in thousands)	
Changes in Obligation				
Accrued benefit liability, beginning of year	$1,046	$413	$1,459	$1,764
Current period benefit cost	60	42	102	104
Interest accrued	38	16	54	55
Benefits payments	(89)	(29)	(118)	(480)
Actuarial (gains)/losses	78	(61)	17	17
Accrued benefit liability, end of year	1,133	381	1,514	1,460
Unamortized net actuarial (gain)/loss	116	(28)	88	127
Accrued benefit obligation	**$1,249**	**$353**	**$1,602**	**$1,587**

	Severance and Removal	Compensated Absences	2019	2018
			(in thousands)	
Benefits Expense				
Current period benefit cost	$60	$42	$102	$104
Interest accrued	38	16	54	55
Amortization of net actuarial gain (loss)	(34)	12	(22)	(23)
Total	**$64**	**$70**	**$134**	**$136**

Assumptions

	June 30, 2019	June 30, 2018
Discount rate	3.2% per annum	3.8% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate (removal benefits)	Nil	Nil

4. EMPLOYEE FUTURE BENEFITS (continued)

b) Severance, removal and compensated absences (continued)

The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
		(in thousands)	
2020	$143	$45	$188
2021	122	38	160
2022	110	37	147
2023	110	40	150
2024	92	39	131
Total	**$577**	**$199**	**$776**

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) $750 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.

	2019	2018
	(in thousands)	
Professional development fund, beginning of year	$ 2,072	$ 1,977
Contributions	395	425
Professional development paid during the year	(258)	(330)
Professional development fund, end of year	$ 2,209	$ 2,072

6. TANGIBLE CAPITAL ASSETS

June 30, 2019 (in thousands)	**Mobile equipment**	**Building additions and renovations**	**Furniture and equipment**	**Leasehold improvements**	**2019 Total**	**2018 Total**
Cost						
Opening balance	$ 5,648	$ 1,991	$ 6,841	$ 2,295	$16,775	$15,582
Additions	316	-	1,815	41	2,172	1,360
Disposals	(38)	-	(486)	(328)	(852)	(167)
Closing balance	5,926	1,991	8,170	2,008	18,095	16,775
Accumulated amortization						
Opening balance	3,171	1,991	4,939	1,631	11,732	11,037
Amortization	306	-	546	131	983	862
Disposals	(38)	-	(486)	(328)	(852)	(167)
Closing balance	3,439	1,991	4,999	1,434	11,863	11,732
Net book value	**$ 2,487**	**$ 0**	**$ 3,171**	**$ 574**	**$ 6,232**	**$ 5,043**

$57,000 (2018 - $0) of Mobile equipment additions and $41,000 (2018 - $0) of Leasehold improvements additions are not being amortized as these projects are in progress at June 30, 2019.

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, 2018**	**Net results of operations**	**Appropriated**	**Used in operations**	**Balance, ending June 30, 2019**
a) Northern strategic research reserve	612	-	13	-	625
b) Program delivery	300	-	-	-	300
c) Research & development	177	-	4		181
d) Restricted donations	35	-	-	-	35
Total reserves	1,124	-	17	-	1,141
Operating surplus (deficit)	12,364	1,803	(17)	-	14,150
Total accumulated surplus	$ 13,488	$ 1,803	$ -	$ -	$ 15,291

a) Northern strategic research reserve

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

b) Program delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding

7. ACCUMULATED SURPLUS (continued)

b) Program delivery (continued)

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

	2019	2018
	(in thousands)	
Operating contributions	$31,318	$30,795
Capital contributions	300	385
	$31,618	$31,180

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)

	2019	2018
	(in thousands)	
Due from the Government of the Northwest Territories (Note 3)	$ 1,318	$ 1,049
Due to the Government of the Northwest Territories		
Liability for payroll services provided	$ 2,995	$ 1,754
Other & Repayable program advances	$ 111	$ 108
Total amount due to GNWT	$ 3,106	$ 1,862

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 $29,285,000 during 2019 (2018 - $28,625,000) 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 $801,000 (2018 – $1,110,000) 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 $2,352,000 (2018 – $2,305,000) and repairs and maintenance $1,493,000 (2018 – $ 1,556,000), 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 $172,000 (2018 – $ 163,000) 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 $1,975,000 (2018 – $ 1,883,000) based on the Government’s amortization expense for these assets, which is the carrying amount.

10. SERVICES PROVIDED WITHOUT CHARGE (continued)

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.

	2019	2018
	(in thousands)	
Contract services	$ 172	$ 163
Repairs and maintenance	1,493	1,556
Building utilities	2,352	2,305
Building leases	1,975	1,883
	$ 5,992	$ 5,907

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)	
2020	$ 293	$ 3,647
2021	97	2,564
2022	24	2,352
2023	6	392
Thereafter	-	-
	$ 420	$ 8,955

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, 2019:

12. CONTRACTUAL RIGHTS (continued)

Program / Project	End Date	2019-2020	2020-2023	Total
		(in thousands)		
Various mine training programs	03/31/2020	$ 657	-	$ 657
Observer/communicator training program	03/31/2020	517	-	517
Language integration services	03/31/2020	229	-	229
Equity, diversity and inclusion institutional capacity building	03/31/2020	193	-	193
Online digital hazard mapping of landslides	03/31/2020	15	-	15
Geomapping for energy and minerals program	03/31/2020	72	-	72
Coastal restoration program	03/31/2022	95	196	291
Awareness and learning in space science	03/31/2022	100	-	100
Remote sensing projects in the Western Arctic	06/30/2021	50	25	75
Canadian northern adult basic education project	03/31/2020	1,499	-	1,499
Arts, craft & technology micro-manufacturing facility	03/31/2020	27	-	27
Air quality monitoring station in Inuvik	03/31/2023	25	69	94
Aboriginal language revitalization project	03/31/2020	384	-	384
NWT environmental stewardship program	03/31/2020	183	-	183
Practical nurse program	06/30/2020	413	-	413
Healthy campuses build student success	07/31/2021	5	-	5
Applied permafrost information hub equipment	03/31/2021	297	18	315
Western Arctic ethnobontanical garden	09/01/2019	49	-	49
Monitoring climate effects project	06/23/2020	150	-	150
PromoScience program for northern youths	06/30/2020	175	175	350
Community health representative	03/31/2020	31		31
Polar knowledge Canada	03/31/2020	10		10
INAC cardboard pellet implementation	03/31/2020	10		10
Canadian mountain network program	03/31/2020	108	-	108
Arts, craft & technology micro-manufacturing centre	06/30/2023	350	1,225	1,575
		$5,644	**$1,708**	**$7,352**

13. FINANCIAL RISK MANAGEMENT

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

a) Liquidity risk

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

b) Credit risk

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

Cash

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is $19,061,000 (2018 - $16,040,000)

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 30 June 2019, the College's debtors are the Government of the Northwest Territories, the federal government, students, and others.

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 $2,528,000 (2018 - $2,274,000).

At June 30, 2019 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days $13,000; 61-90 days $7,000; and over 90 days $115,000.

13. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk (continued)

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	$277,000	$8,000	$4,000
Other third parties	$231,000	$94,000	$19,000
Federal Government	$194,000	Nil	Nil

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) 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. 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.

The College is not exposed to significant currency or other price risks.

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.

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.

15. SEGMENT DISCLOSURE (continued)

Community and extensions

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

Aurora Research Institute

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

Aurora College
Segmented disclosures
June 30, 2019

Schedule A

For the period ended June 30, 2019 (in thousands)	Financial and accounting	Pooled services **	Student services	Education and training	Community and extensions	Aurora Research Institute	2019 Total	2019 Budget	2018 Total
Revenues									
Government Contributions	$ 1,922	$ 2,818	$ 8,511	$10,462	$ 5,930	$ 1,975	$ 31,618	$ 30,709	$ 31,180
Project income									
Government of the Northwest Territories	-	2	137	2,020	1,872	342	4,373	3,844	4,481
Other third party contributions	81	-	34	1,734	310	320	2,479	2,779	3,126
Federal government	-	-	-	65	1,627	799	2,491	2,689	2,596
Own Source Revenue									
Tuition fees	-	-	-	1,285	785	-	2,070	1,345	2,062
Recoveries and other	49	287	343	116	33	144	972	411	938
Room and board	-	-	1,201	-	-	105	1,306	1,162	1,060
Interest income	397	-	-	-	-	-	397	95	247
Services Provided without Charge	-	1,665	-	4,327	-	-	5,992	5,214	5,907
	2,449	4,772	10,226	20,009	10,557	3,685	51,698	48,248	51,597
Expenses									
Compensation and benefits	1,684	2,295	4,697	10,264	7,782	2,563	29,285	29,852	28,625
Building leases	-	6	5,031	1,979	34	-	7,050	6,698	6,780
Materials and supplies	10	431	256	846	352	117	2,012	1,948	1,622
Utilities	-	-	125	2,393	5	13	2,536	2,096	2,482
Contract services	23	210	219	335	759	385	1,931	2,410	1,344
Repairs and maintenance	10	1,494	234	325	46	12	2,121	1,621	2,194
Small equipment	5	7	49	128	40	42	271	845	537
Fees and payments	99	466	54	319	66	85	1,089	1,186	1,094
Travel and accommodation	41	117	64	370	212	192	996	1,323	954
Professional services	-	-	1	253	414	2	670	92	1,657
Amortization of tangible capital assets	-	983	-	-	-	-	983	450	862
Communication, postage and freight	66	121	184	296	170	114	951	713	836
	1,938	6,130	10,914	17,508	9,880	3,525	49,895	49,234	48,987
Annual surplus (deficit)	$ 511	$(1,358)	$ (688)	$ 2,501	$ 677	$ 160	$ 1,803	$ (986)	$ 2,610

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

ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

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

Mark Heyck
Executive Director

June 23, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Arctic Energy Alliance

Opinion
We have audited the financial statements of Arctic Energy Alliance (the "Society"), which comprise the Statement of Financial Position as at March 31, 2020, 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, 2020, 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 14 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.

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 23, 2020

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION
March 31, 2020

ASSETS

	2020	2019
CURRENT		
Cash	$ 393,022	$ 223,474
Short term investments (note 3)	734,903	1,446,659
Accounts receivable (note 4)	664,456	621,495
GST receivable (note 6)	50,811	30,160
	1,843,192	2,321,788
TANGIBLE CAPITAL ASSETS (note 5)	33,850	27,430
	$ 1,877,042	$ 2,349,218

LIABILITIES

CURRENT		
Wages and benefits payable	$ 30,660	$ 83,667
Government remittances payable (note 6)	76,217	28,865
Trade payables and accruals (note 7)	218,453	187,902
Contributions payable	65,523	1,052,623
Deferred revenue (note 8)	172,670	-
	563,523	1,353,057
DEFERRED GOVERNMENT ASSISTANCE (note 10)	19,223	11,032
	582,746	1,364,089

NET ASSETS

ACCUMULATED SURPLUS per page 3	402,629	99,448
RESERVES per page 3	885,040	877,283
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	6,627	8,398
	1,294,296	985,129
	$ 1,877,042	$ 2,349,218

Approved:

Director

Director

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS

For the year ended March 31, 2020

	(note 16) 2020 Budget	2020 Actual	2019 Actual
REVENUES			
Contributions from GNWT	$ 5,622,112	$ 4,979,981	$ 3,312,050
Membership fees (note 12)	217,500	217,500	227,500
Other source income	72,600	97,556	110,806
Interest income	20,000	51,984	26,769
Contributions from Canada	-	-	123,400
	5,932,212	5,347,021	3,800,525
EXPENSES			
Advertising and promotion	120,450	72,720	73,744
Amortization	3,978	8,434	11,287
Consulting fees	121,820	116,915	216,577
Equipment rental	5,280	3,279	3,279
Facility rental and tradeshow fees	24,100	9,341	9,496
Fees and dues	23,420	10,434	6,435
Hospitality	29,150	13,758	9,159
Insurance	13,000	13,043	12,746
Interest and bank charges	5,500	4,814	4,371
Office and general	68,870	71,965	60,125
Professional development	56,615	22,613	24,722
Professional fees	20,000	31,082	18,291
Project materials	-	-	95,065
Rebates	2,412,515	1,915,582	765,386
Rent and utilities	178,450	174,656	162,292
Telephone, Internet and Website	39,300	42,774	39,213
Travel and accommodation	268,350	220,949	171,879
Wages and benefits	2,376,232	2,305,495	2,027,634
	5,767,030	5,037,854	3,711,701
EXCESS OF REVENUES OVER EXPENSES	$ 165,182	$ 309,167	$ 88,824

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2020

	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 19)	(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

	2019			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 38,992	$ 841,335	$ 15,978	$ 896,305
Excess of revenues over expenses	88,824	-	-	88,824
Transfer to reserves (note 19)	(35,948)	35,948	-	-
Amortization of tangible capital assets	11,286	-	(11,286)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
BALANCE, closing	$ 99,448	$ 877,283	$ 8,398	$ 985,129

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES (note 20)		
Cash received from:		
GNWT contributions	$ 5,025,804	$ 4,310,000
Membership fees	167,500	227,500
Other source income	141,121	103,956
Canada contributions	105,175	133,477
Interest income	47,412	31,913
	5,487,012	4,806,846
Cash paid for:		
Wages and benefits	2,311,152	2,023,008
Materials and services	2,763,162	1,765,529
Contributions repaid	987,100	-
	6,061,414	3,788,537
	(574,402)	1,018,309
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(14,854)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	4,758,804	2,330,455
Purchase of short term investments	(4,000,000)	(3,350,000)
	758,804	(1,019,545)
INCREASE (DECREASE) IN CASH	169,548	(1,236)
CASH, opening	223,474	224,710
CASH, closing	$ 393,022	$ 223,474

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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 except for short term investments which are measured at fair value.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(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:

	2020	2019
2.45% interest, non-redeemable, matured December 5, 2019	$ -	$ 90,000
1.49% interest, cashable, matured December 14, 2019	-	1,350,000
2.10% interest, redeemable, matures June 15, 2020	633,673	-
2.08% interest, matures March 9, 2021	90,000	-
Accrued interest	11,230	6,659
	$ 734,903	$ 1,446,659

4. ACCOUNTS RECEIVABLE

	2020	2019
Contributions receivable:		
Government of the Northwest Territories	$ 291,701	$ 283,329
Government of Canada	-	105,175
Total contributions receivable	291,701	388,504
Members	175,000	125,000
Other	197,755	122,303
Allowance for doubtful accounts	-	(14,312)
	$ 664,456	$ 621,495

5. TANGIBLE CAPITAL ASSETS

			2020	2019
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 36,010	$ 36,010	$ -	$ -
Computer software	26,224	15,826	10,398	2,166
Heating equipment	36,242	12,790	23,452	25,264
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	42,460	-	-
	$ 168,332	$ 134,482	$ 33,850	$ 27,430

During the year, the Society wrote off computer software relating to EEIP database with a net book value of $2,166 (2019 - $nil). The resulting loss of $2,166 is included in the amortization expense in the Statement of Operations.

Net assets invested in tangible capital assets as at March 31, 2020, are as follows:

	2020	2019
Tangible capital assets	$ 33,850	$ 27,430
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(19,223)	(11,032)
Net assets invested in tangible capital assets per page 3	$ 6,627	$ 8,398

6. GOVERNMENT REMITTANCES RECEIVABLE

	2020	2019
Goods & Services Tax rebates	$ 50,811	$ 30,160

	2020	2019
Payroll remittances payable	$ 65,365	$ 25,715
Related parties:		
Workers' Safety and Compensation Commission	5,472	-
GNWT - Finance	5,380	3,150
	$ 76,217	$ 28,865

7. TRADE PAYABLES AND ACCRUALS

	2020	2019
Accrued liabilities:		
EEIP rebates	$ -	$ 20,212
Other	38,865	47,466
Pellet boiler asset retirement obligation	8,000	8,000
	46,865	75,678
Trade payables	171,588	112,224
	$ 218,453	$ 187,902

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.

8. DEFERRED REVENUE, continued

	2020	2019
Restricted contributions balance, opening	$ -	$ 9,457
Receipts	4,810,950	4,078,445
Funding receivable	291,701	334,955
Repayments	-	(987,407)
Funding expended	(4,979,981)	(3,435,450)
Restricted contributions balance, closing	122,670	-
	-	-
Membership fees received in advance: GNWT-ENR	50,000	-
Total deferred revenue, closing	$ 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. Changes during the year in the provision for EEIP rebates are as follows:

	2020	2019
Rebates paid previously provided for	$ -	$ (1,537)
Unused provision reversed	-	(10,463)
Change in provision during the year	-	(12,000)
Provision for rebates, opening	-	12,000
Provision for rebates, closing	$ -	$ -

10. DEFERRED GOVERNMENT ASSISTANCE

			2020	2019
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	$ 14,121	$ 5,295	$ 8,826	$ 9,532
GNWT-ENR - Energy Efficiency Incentive Program: Database	14,853	4,456	10,397	1,500
	$ 28,974	$ 9,751	$ 19,223	$ 11,032

During the year, the Alliance entered into an agreement with GNWT-INF for the Energy Efficiency Incentive Program. A total contribution of $14,853 was received to fund the acquired Energy Efficiency Incentive Program (EEIP) database, and is being amortized at the same rate as the related capital asset.

During the year, the Society wrote off deferred government assistance relating to the old EEIP database with a net book value of $1,500 (2019 - $nil). The amount of $1,500 is included in other source income in the Statement of Operations.

11. RESERVES

During the year, Arctic Energy Alliance transferred $7,757 (2019 - $35,948) from unrestricted net assets to meet its capital management objectives as described in Note 19. The reserves at March 31, 2020, of $885,040 (2019 - $877,283) 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:

	2020 Budget	2020 Actual	2019 Actual
Excess of revenues over expenses per page 2	$ 165,182	$ 309,167	$ 88,824
	-	-	-
Amortization of tangible capital assets	3,978	6,268	11,287
Purchase of tangible capital assets	-	(14,854)	-
Write-off of tangible capital assets	-	2,166	-
Acquisition of prepaid expenses	-	-	(4,878)
Use of prepaid expenses	-	-	15,285
Amortization - deferred government assistance	-	(5,162)	(3,706)
Write-off of deferred government assistance	-	(1,500)	-
Deferred government assistance additions	-	14,853	-
Increase in net financial assets	169,160	310,938	106,812
Net financial assets, opening	968,731	968,731	861,919
Net financial assets, closing (note 19)	$ 1,137,891	$ 1,279,669	$ 968,731

12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2020	2019
Government of the Northwest Territories	$ 150,000	$ 150,000
GNWT - Crown Corporations	62,500	67,500
Other	5,000	10,000
	$ 217,500	$ 227,500

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

	2020	2019
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
	62,500	67,500
	$ 212,500	$ 217,500

13. SUBSEQUENT EVENTS

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

Contractual rights

- Entered into a contribution agreement with GNWT, Department of Infrastructure, for 2020-21 Low Carbon Economy Leadership Fund (LCELF) funding for a maximum of $3,537,555 of which $700,000 is received, and

- Entered into a contribution agreement with GNWT, Department of Infrastructure, for 2020-21 core and program funding for a maximum of $2,740,000 of which $2,500,000 is received.

14. CONTINGENT LIABILITIES

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 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, U.S. 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.

15. TRUSTS UNDER ADMINISTRATION

At March 31, 2020, the Society holds $38,316 (2019 - $10,869) 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, and the LED Lighting project. These funds are excluded from the financial statements.

16. BUDGET

The 2020 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 18, 2019.

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, 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 Yellowknife, Dehcho, and Norman Wells offices, expiring between July 1, 2020 and February 28, 2021 and office equipment expiring June 12, 2020 in Yellowknife. Future minimum lease payments are as follows.

18. COMMITMENTS, continued

	Office Space	Office Equipment	Total
2021	$ 86,028	$ 801	$ 86,829
2022	15,046	-	15,046
2023	3,821	-	3,821
	$ 104,895	$ 801	$ 105,696

The lease for office space in Yellowknife carries an extension of term option for two years from March 1, 2021 to February 28, 2023.

The lease for office space in Norman Wells carries an extension of term option for two years from September 1, 2020 to August 31, 2022.

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

During the year, included in other source income revenue are in-kind contributions with a total fair value of $nil (2019 - $22,023). These services are in connection with the NRCan Energy Efficiency Retrofits project and consist of office and general of $nil (2019 - $30), consulting fees of $nil (2019 - $17,427), travel and accommodation of $nil (2019 - $3,600), and facility rental of $nil (2019 - $966).

19. CAPITAL MANAGEMENT

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

The Society manages funding risk by establishing internally restricting 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, 2020, the Society has met its objectives of having sufficient liquid resources to meet its current obligations. The Society's net financial assets at March 31, 2020, are as follows:

19. CAPITAL MANAGEMENT, continued

	2020	2019
Accumulated surplus	$ 402,629	$ 99,448
Reserves	885,040	877,283
Invested in tangible capital assets	6,627	8,398
Net assets per page 3	1,294,296	985,129
Tangible capital assets	33,850	27,430
Deferred government assistance	(19,223)	(11,032)
	14,627	16,398
Net financial assets (note 11)	$ 1,279,669	$ 968,731

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.

	Opening Balance	Transfers	Closing Balance
Operating Reserve	$ 717,283	$ 7,757	$ 725,040
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	70,000	-	70,000
	$ 877,283	$ 7,757	$ 885,040

20. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2020	2019
Excess of revenues over expenses per page 2	$ 309,167	$ 88,824
Items not affecting cash:		
Amortization of tangible capital assets	6,268	11,287
Amortization of deferred government assistance	(5,162)	(3,706)
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	(4,571)	5,143
Interest income received relating to short term investments	(42,478)	(30,456)
	278,744	71,092
Net change in non-cash operating working capital accounts:		
Decrease (increase) in accounts receivable	(42,961)	30,385
Increase in GST receivable	(20,651)	(12,887)
Decrease in prepaid expenses	-	10,408
Increase (decrease) in wages and benefits payable	(53,007)	3,913
Increase in government remittances payable	47,352	713
Increase (decrease) in trade payables and accruals	30,551	(67,425)
Decrease in provision for rebates	-	(12,000)
Increase (decrease) in contribution repayable	(987,100)	1,003,567
Increase (decrease) in deferred revenue	172,670	(9,457)
	(853,146)	947,217
Cash flows from (used for) operating activities per page 4	$ (574,402)	$ 1,018,309

21. RELATED PARTIES

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

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

	2020	2019
Revenue		
Northwest Territories Housing Corporation	$ 24,700	$ 10,200
GNWT - Municipal & Community Affairs	-	2,850
	$ 24,700	$ 13,050
Expenses		
Aurora College: Rent, hospitality, office, telephone, and professional development	$ 1,544	$ 17,928
Workers' Safety and Compensation Commission	14,559	10,832
	$ 16,103	$ 28,760
Receivables from related parties:		
GNWT - Environment & Natural Resources (ENR)	$ 37,176	$ 37,176
GNWT - Health and Social Services	20,950	1,880
GNWT - Infrastructure	422,031	341,280
GNWT - Municipal & Community Affairs	-	2,850
Northwest Territories Power Corporation	15,000	15,000
Northwest Territories Housing Corporation	89,135	74,135
	$ 584,292	$ 472,321
Payables to related parties: Aurora College	$ -	$ 3,479

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE
For the year ended March 31, 2020

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
CONTRIBUTIONS								
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Infrastructure - Core and Program Funding								
Core Funding	$ -	$ 1,360,000	$ 240,000	$ -	$ 253,732	$ 1,853,732	$ 1,771,062	$ 82,670
Alternative Energy Technologies Program (AETP)	-	300,000	-	-	(165,097)	134,903	134,903	-
Energy Rating Services Support Program (ERS)	-	150,000	-	-	-	150,000	150,000	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	-	-	2,446	202,446	202,446	-
Biomass Energy	-	100,000	-	-	(26,993)	73,007	73,007	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	(16,241)	183,759	183,759	-
Community Government Retrofits (CGERP)	-	190,000	-	-	(47,847)	142,153	142,153	-
	-	2,500,000	240,000	-	-	2,740,000	2,657,330	82,670
Department of Infrastructure - Low Carbon Economy Leadership Fund (LCELF)								
Alternative Energy Technologies Program (AETP)	-	400,000	-	-	(37,001)	362,999	362,999	-
Energy Efficiency Incentive Program (EEIP)	-	310,215	-	-	94,484	404,699	404,699	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	460,000	-	-	(45,495)	414,505	414,505	-
Community Government Building Energy Retrofit (CGBERP)	-	170,000	-	-	65,721	235,721	235,721	
Deep Home Energy Retrofit	-	200,000	-	-	(16,046)	183,954	183,954	-
Low Income Energy Assistance	-	50,000	-	-	68,775	118,775	118,775	
Energy Efficiency and Conservation Retrofits - NGO	-	300,000	-	-	(105,157)	194,843	194,843	-
Electric Heat Incentive South Slave	-	9,785	30,751	-	(7,052)	33,484	33,484	-
Community Energy Plan Implementation	-	-	-	-	1,670	1,670	1,670	-
Community Wood Stoves	-	350,000	-	-	(19,899)	330,101	330,101	-
	-	2,250,000	30,751	-	-	2,280,751	2,280,751	
Total INF	-	4,750,000	270,751	-	-	5,020,751	4,938,081	82,670
Department of Health & Social Services (H&SS)								
Low Income Energy Retrofits	-	20,950	20,950	-	-	41,900	41,900	-
Department of Municipal and Community Affairs (MACA)								
Stabilizing Non-Government Organization Operations Grant	-	40,000	-	-	-	40,000	-	40,000
Total GNWT	-	4,810,950	291,701	-	-	5,102,651	4,979,981	122,670
Other Revenue								
Membership fees received in advance from ENR	-	50,000	-	-	-	50,000	-	50,000
Total contributions (note 8)	$ -	$ 4,860,950	$ 291,701	$ -	$ -	$ 5,152,651	$ 4,979,981	$ 172,670

ARCTIC ENERGY ALLIANCE **Schedule II**

SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS

For the year ended March 31, 2020

	Total	Core Funding	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program	Biomass Energy
REVENUES					
Contributions from GNWT	$ 4,979,981	$ 1,771,062	$ 134,903	$ 150,000	$ 73,007
Membership fees	217,500	217,500	-	-	-
Other source income	90,893	27,443	-	63,450	-
Interest income	51,984	51,984	-	-	-
	5,340,358	2,067,989	134,903	213,450	73,007
EXPENDITURES					
Advertising and promotion	72,720	39,394	-	-	-
Consulting fees	116,915	51,162	-	-	6,606
Equipment rental	3,279	3,279	-	-	-
Facility rental and tradeshow fees	9,341	8,834	-	-	-
Fees and dues	10,434	8,600	-	-	617
Hospitality	13,758	11,577	-	-	-
Insurance	13,043	13,043	-	-	-
Interest and bank charges	4,814	4,814	-	-	-
Office and general	71,962	55,872	-	200	-
Professional development	22,613	12,263	-	-	-
Professional fees	31,082	31,082	-	-	-
Rebates	1,915,582	-	81,398	-	-
Rent and utilities	174,656	174,656	-	-	-
Telephone, Internet and Website	42,774	42,774	-	-	-
Travel and accommodation	220,949	163,834	-	1,620	-
Wages and benefits	2,305,495	1,155,386	53,504	192,110	65,785
	5,029,419	1,776,571	134,903	193,930	73,007
EXCESS OF REVENUES OVER EXPENDITURES (note 11)	310,939	291,418	-	19,520	-
TRANSFERS					
Amortization of tangible capital assets	(8,434)	(8,434)	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	6,662	6,662	-	-	-
	(1,772)	(1,772)	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ 309,167	$ 289,646	$ -	$ 19,520	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE **Schedule II**

SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS

For the year ended March 31, 2020

	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	$ 183,759	$ 142,153	$ 202,446	$ 362,999	$ 404,699
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	183,759	142,153	202,446	362,999	404,699
EXPENDITURES					
Advertising and promotion	-	-	323	569	11,582
Consulting fees	-	-	-	2,348	9,807
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	16	175.14
Hospitality	-	-	-	-	272.14
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	101	533	61	536	652.46
Professional development	-	-	-	-	1,504.02
Professional fees	-	-	-	-	-
Rebates	105,120	41,370	160,000	304,927	263,597
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	-	-	2,156
Wages and benefits	78,538	100,250	42,063	54,603	114,953
	183,759	142,153	202,446	362,999	404,699
EXCESS OF REVENUES OVER EXPENDITURES (note 11)	-	-	-	-	-
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, 2020

	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	$ 414,505	$ 235,721	$ 183,954	$ 118,775	$ 194,843
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	414,505	235,721	183,954	118,775	194,843
EXPENDITURES					
Advertising and promotion	1,682	9,395.37	4,266	2,236	1,964
Consulting fees	8,421	7,241.28	7,012	8,493.83	6,605
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	507.32	-
Fees and dues	182.17	162.53	159.83	204.91	145
Hospitality	-	-	-	1,463	446
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	2,382	3,908	643	5,522	339
Professional development	1,515	1,373	1,359	1,783	1,306
Professional fees	-	-	-	-	-
Rebates	328,545	179,603	50,509	-	133,600
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	12,913	15,406	5,660
Wages and benefits	71,778	34,038	107,092	83,159	44,776
	414,505	235,721	183,954	118,775	194,843
EXCESS OF REVENUES OVER EXPENDITURES (note 11)	-	-	-	-	-
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.

Schedule II

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2020

	Electric Heat Incentive South Slave LCELF	Community Energy Plan Implementation LCELF	Community Wood Stoves LCELF	Low Income Home Winterization LCELF
REVENUES				
Contributions from GNWT	$ 33,484	$ 1,670	$ 330,101	$ 41,900
Membership fees	-	-	-	-
Other source income	-	-	-	-
Interest income	-	-	-	-
	33,484	1,670	330,101	41,900
EXPENDITURES				
Advertising and promotion	617.90	-	691.11	-
Consulting fees	3,031	-	6,188.61	-
Equipment rental	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-
Fees and dues	61.11	-	110.40	-
Hospitality	-	-	-	-
Insurance	-	-	-	-
Interest and bank charges	-	-	-	-
Office and general	345.54	-	160.27	707
Professional development	491.58	-	1,019	-
Professional fees	-	-	-	-
Rebates	-	-	225,720	41,193
Rent and utilities	-	-	-	-
Telephone, Internet and Website	-	-	-	-
Travel and accommodation	-	-	19,360	-
Wages and benefits	28,938	1,670	76,852	-
	33,484	1,670	330,101	41,900
EXCESS OF REVENUES OVER EXPENDITURES (note 11)	-	-	-	-
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.

Inuvialuit Water Board

Financial Statements

March 31, 2020

Inuvialuit Water Board

Financial Statements

March 31, 2020 **Page**

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Management's Responsibility for Financial Reporting

June 08, 2020

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 contained in the financial statements.

Inuvialuit Water Board maintains internal 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 and that the Board acts in accordance with 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 the purposes of expressing an opinion on the financial statements. They also consider whether transactions which come to their notice in the course of this audit are, in all significant respect, in accordance with the specified legislation.

Mardy Semmler
Executive Director
Inuvialuit Water Board

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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, 2020, 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, 2020, 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.

Crowe MacKay LLP

Yellowknife, Northwest Territories
June 08, 2020

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Unaudited)	2020	2019
Revenue			
Government of the Northwest Territories	$ 913,000	$ 913,000	$ 913,000
Donation in kind	61,693	61,693	61,693
Other revenue	-	-	6
Total revenues before contribution repayable	-	974,693	974,699
Contribution repayable	-	(121,489)	(185,846)
Total revenues	974,693	853,204	788,853
Expenses			
Advertising	2,000	9,798	4,114
Amortization	10,000	14,360	12,870
Board travel and training	14,500	5,421	5,032
Communications	29,500	29,665	30,819
Communication Strategy Implementation	60,000	22,259	20,020
Community Capacity Initiative	50,000	36,587	27,303
Community Tour	10,000	11,408	7,576
Conferences	9,000	4,986	2,173
Consulting	5,000	-	180
Equipment maintenance	3,000	3,827	2,128
Equipment rental	5,000	5,206	5,198
Honoraria	78,300	78,263	73,915
Hospitality	-	457	1,576
Interest and bank charges	1,000	535	561
Office supplies	4,200	3,320	10,798
Postage	2,000	961	1,879
Professional fees	55,000	59,093	39,651
Rent	61,693	61,693	61,693
Salaries and benefits	517,000	479,507	472,505
Implications of In House Staffing - Ph II	45,000	11,853	-
Staff travel	12,500	7,800	14,889
Total expenses	974,693	846,999	794,880
Surplus (deficit) before other items	-	6,205	(6,027)
Transfer to capital assets	-	(6,205)	6,034
Surplus	$ -	$ -	$ 7

Inuvialuit Water Board

Statement of Accumulated Surplus

For the year ended March 31,	Capital Asset Fund	Operating Fund	2020 Total	2019 Total
Balance, beginning of year	$ 31,837	$ 290,964	$ 322,801	$ 328,828
Operating surplus (deficit)	-	6,205	6,205	(6,027)
Acquisition of tangible capital assets	20,564	(20,564)	-	-
Amortization	(14,360)	14,360	-	-
Balance, end of year	$ 38,041	$ 290,965	$ 329,006	$ 322,801

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,	Budget (Unaudited)	2020	2019
Operating surplus	$ -	$ 6,205	$ (6,027)
Acquisition of tangible capital assets	(3,000)	(20,564)	(6,836)
Amortization of tangible capital assets	10,000	14,360	12,870
Net change in financial resources	**7,000**	**1**	**7**
Net financial resources at beginning of year	**290,964**	**290,964**	290,957
Net financial resources at end of year	**$ 297,964**	**$ 290,965**	$ 290,964

Inuvialuit Water Board

Statement of Financial Position

As at March 31,	2020	2019
Financial Assets		
Cash	$ 538,956	$ 640,691
Accounts receivable (Note 4)	5,058	3,574
	544,014	644,265
Liabilities		
Accounts payable and accrued liabilities	131,560	167,455
Repayable contributions (Note 5)	121,489	185,846
	253,049	353,301
Net financial resources	**290,965**	290,964
Non-Financial Assets		
Tangible capital assets (Note 6)	38,042	31,837
	38,042	31,837
Accumulated surplus	**$ 329,006**	$ 322,801

Commitments (Note 8)

Approved on behalf of the Board

Director

Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2020	2019
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	$ 6,205	$ (6,027)
Item not affecting cash		
Amortization	14,360	12,870
Change in non-cash operating working capital		
Accounts receivable	(1,484)	2,530
Accounts payable and accrued liabilities	(35,895)	11,241
Repayable contributions	(64,357)	72,649
	(81,171)	93,263
Capital activity		
Investment in tangible capital assets	(20,564)	(6,836)
Change in cash position	(101,735)	86,427
Cash position, beginning of year	640,691	554,264
Cash position, end of year	$ 538,956	$ 640,691

1. *Organization and Jurisdiction*

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

The Board is exempt from income tax under section 149(1)(d) of the *Income Tax Act*.

2. 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 Canadian Chartered Professional Accountants. The following is a summary of the significant accounting policies used by management in the preparation of 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, accounts receivable, accounts payable and accrued liabilities, and repayable contributions. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

(b) 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 6.

(c) Fund Accounting

The Board uses fund accounting to segregate transactions between its Operating and 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 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 its collection is reasonably assured. Restricted contributions which are not fully used during the contribution term are set up as repayable contributions and must be repaid to the contributor.

The Board receives services in kind. The Board has estimated the value of these services and recognized them as donation 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.

3. Future Accounting Standards

(a) Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 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, etc., to identify retirement activities associated with its controlled capital assets. The impact of the transition to this proposed accounting standard, if any, 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, 2022. Earlier adoption is permitted.

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

4. Accounts Receivable

	2020	2019
Accounts Receivable	$ 12	$ -
Goods and Services Tax	5,046	3,574
	$ 5,058	$ 3,574

As at March 31, 2020 allowance for doubtful accounts is nil (2019 - nil).

5. Repayable Contributions

	2020	2019
Government of Northwest Territories	$ 121,489	$ 185,846

6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Furniture and equipment	20%	$ 46,096	$ 23,172	$ 22,924	$ 22,363
Computer equipment	30%	77,345	62,227	15,118	9,474
Computer software	100%	609	609	-	-
		$ 124,050	$ 86,008	$ 38,042	$ 31,837

7. Economic Dependence

The Board is dependent upon funding in the form of contributions from the Government of the Northwest Territories. Management is of the opinion that if the funding was reduced or altered, operations would be significantly affected.

8. Commitments

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

2021	$ 4,956
2022	4,945
2023	4,945
	$ 14,846

9. 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 as well as policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of $544,014 (2019 - $644,265)

9. Risk Management (Continued)

(ii) Concentration of credit risk

Concentration 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 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, 2020, 100% (2019 - 100%) of the Board's cash were held within one of Canada's chartered banks. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board does have a liquidity risk in accounts payable and accrued liabilities $253,049 (2019 - $ 353,301). 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 of the Board's financial assets and financial liabilities at March 31, 2020 mature within the next six months. The Board has disclosed future financial liabilities and commitments in Note 8.

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.

10. Related Party Transactions

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

The Board regularly transacts with the Government of the Northwest Territories including contribution funding, salaries and wages, donation in kind and rent expense. These transactions were in the normal course of the Board's operations and were measured at the exchange amount.

11. 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, 2020

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.

Tracy St. Denis
Chief Executive Officer

Leonard Kwong
Director, Finance and Programs

August 27, 2020

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

Qualified Opinion

We have audited the consolidated financial statements of the Northwest Territories Business Development and Investment Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, 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.

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 financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, 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 Qualified Opinion

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. Consequently, we were unable to determine whether any adjustments were necessary to reported inventories on the consolidated statement of financial position as at 31 March 2020, and to the consolidated results of operations and consolidated changes in net financial assets for the year then ended.

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 qualified 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.

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

Edmonton, Canada
27 August 2020

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Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Financial Position (000's)

	March 31, 2020	March 31, 2019
	$	$
Financial Assets		
Cash (Note 3)	19,436	17,245
Accounts receivable	186	204
Inventories held for resale (Note 4)	498	458
Loans receivable (Notes 5 and 6)	36,723	37,924
	56,843	55,831
Liabilities		
Accounts payable and accrued liabilities	921	1,450
Post-employment benefits (Note 8)	345	315
Advances from the Government (Note 9)	21,228	20,934
Asset retirement obligations	31	30
	22,525	22,729
Net financial assets	34,318	33,102
Non-financial assets		
Tangible capital assets (Schedule A)	318	338
Prepaid expenses	1	5
	319	343
Accumulated surplus	34,637	33,445

Venture investments (Note 7)
Commitments and contingencies (Notes 12 and 13)

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

Janet Toner
Chairperson of the Audit Committee

Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Change in Net Financial Assets (000's)

For the year ended March 31	Budget 2020	Actual 2020	Actual 2019
	$	$	$
Annual surplus	345	1,192	926
Acquisition of tangible capital assets	-	(89)	(181)
(Gain) loss on disposal of tangible capital assets	-	(41)	6
Amortization of tangible capital assets	40	79	80
Proceeds received from disposal of tangible capital assets	-	71	-
	40	20	(95)
Acquisition of prepaid expenses	-	(16)	(5)
Use of prepaid expenses	-	20	26
	-	4	21
Increase in net financial assets	385	1,216	852
Net financial assets, beginning of year	**33,102**	**33,102**	**32,250**
Net financial assets, end of year	**33,487**	**34,318**	**33,102**

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 2020	Actual 2020	Actual 2019
	$	$	$
Revenues			
Interest on loans receivable	2,200	2,511	2,124
Sales and other income	753	831	916
Gain on disposal of tangible capital assets	-	41	-
Interest on pooled cash (Note 3)	135	399	312
	3,088	3,782	3,352
Government transfers (Note 10)	2,770	2,922	2,781
	5,858	6,704	6,133
Expenses (Note 11)			
Lending and investments	4,160	4,086	3,713
Retail and manufacturing	1,353	1,426	1,494
	5,513	5,512	5,207
Annual surplus	**345**	**1,192**	**926**
Accumulated surplus, beginning of year	**33,445**	**33,445**	**32,519**
Accumulated surplus, end of year	**33,790**	**34,637**	**33,445**

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	2020	2019
	$	$
Operating transactions		
Cash received from:		
Governments	2,056	1,977
Customers	886	854
Interest	2,811	2,419
	5,753	5,250
Cash paid for:		
Compensation and benefits	3,169	2,187
Payments to suppliers	1,319	1,193
Interest on advances from the Government	-	416
Grants and contributions	153	212
	4,641	4,008
Cash provided by operating transactions	**1,112**	**1,242**
Capital transactions		
Acquisition of tangible capital assets	(255)	(16)
Proceeds from disposal of tangible capital assets	77	-
Cash used for capital transactions	**(178)**	**(16)**
Investing transactions		
Loans receivable disbursed	(3,351)	(3,985)
Loans receivable repaid	4,608	4,431
Cash provided by investing transactions	**1,257**	**446**
Financing transactions		
Repayment of advances from the Government	-	(1)
Cash used for financing transactions	**-**	**(1)**
Increase in cash	**2,191**	**1,671**
Cash, beginning of year	17,245	15,574
Cash, end of year	**19,436**	**17,245**

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 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 circumstances. However, the effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant especially given the added uncertainties resulting from the COVID-19 pandemic declared by the World Health Organization on March 11, 2020.

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 souvenirs			
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

Inventories held for resale 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. 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. 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.

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.

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.

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.

2. Summary of significant accounting policies (continued)

(f) Allowance for credit losses (continued)

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 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.

2. Summary of significant accounting policies (continued)

(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) Employee future 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

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.

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

(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 represents 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 employee future 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, 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 $399,000 in interest at an average investment yield of 2.30% during the year (2019: $312,000 at an average investment yield of 2.09%).

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.

3. Cash (continued)

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 8b).

	000's	
	2020	2019
	$	$
Cash held by the Corporation for operations	4,723	6,410
Cash held by the Corporation's organizations	1,606	1,573
Cash held for post-employment benefits	345	315
	6,674	8,298
Venture Investment Fund	4,190	4,190
Capital Fund	873	873
Subsidy Fund	434	432
Venture Reserve Fund	486	486
Loans and Bonds Fund	6,632	2,819
Capital Reserve Fund	147	147
	12,762	8,947
	19,436	**17,245**

4. Inventories

	000's	
	2020	2019
	$	$
Inventories held for resale:		
Arts and crafts	289	263
Canvas products	209	195
	498	**458**

During the year, $124,000 of inventories were written down (2019: $42,000) and no inventories were pledged as security. Also during the year, the Corporation had $28,000 recoveries on inventory that had been previously written down (2019: $55,000). Inventory write-downs and recoveries are included in the cost of goods sold.

5. 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, aircraft, heavy equipment, and general security agreements.

Loans receivable are expected to mature as follows:

		000's			
		2020		2019	
		Rate	Balances	Rate	Balances
		%	$	%	$
Performing loans due within:	1 year	5.80	3,135	5.38	3,802
	1-2 years	5.20	9,246	5.76	5,084
	2-3 years	5.45	8,108	5.33	10,355
	3-4 years	6.03	6,204	5.45	10,202
	over 4 years	6.11	7,270	6.46	6,888
			33,963		36,331
Accrued loan interest receivable			196		161
Impaired loans			6,054		4,959
			40,213		41,451
Less: allowance for credit losses (Note 6)			3,490		3,527
			36,723		**37,924**

In 2020, no accounts (including impaired interest) were written off by the board of directors (2019: one account in the amount of $166,000 including impaired interest) and no accounts were forgiven (2019: two accounts totalling $192,000) by the FMB. Recoveries on loans previously written off from both loans receivable and allowance totalled $33,000 (2019: $53,000).

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 geographic and enterprise concentrations are displayed in the following tables:

5. Loans receivable (continued)

Enterprise concentration

	000's			
	2020		2019	
Enterprise	Performing	Impaired	Performing	Impaired
	$	$	$	$
Accommodations, food and beverage	4,575	1,041	4,639	2,056
Agriculture	281	-	97	-
Arts and craft	281	84	379	-
Business services	144	304	201	344
Communication	559	-	378	-
Construction	8,437	1,073	9,187	215
Educational services	-	-	-	10
Finance and insurance	339	-	363	46
Fisheries and wildlife	86	-	95	-
Forestry and logging	172	-	-	-
Management of companies	398	-	427	-
Manufacturing	1,092	9	1,088	15
Mining and miner	127	-	-	-
Oil and gas	-	400	-	360
Other services	1,421	82	1,527	82
Professional, scientific and tech ser.	1	-	5	-
Real estate and rentals	5,340	161	5,627	170
Retail trade	6,129	731	6,471	302
Transportation and storage	2,723	901	3,934	64
Travel and tourism	1,131	1,268	1,080	1,295
Wholesale trade	727	-	833	-
	33,963	**6,054**	**36,331**	**4,959**

The loans receivable balance contains no accounts that were made to a venture investee (2019: one loan valued at $21).

Geographic concentration

	000's			
	2020		2019	
Region	Performing	Impaired	Performing	Impaired
	$	$	$	$
South Slave	18,486	2,486	18,892	1,546
Dehcho	5,658	850	6,644	-
North Slave	5,301	1,652	5,918	2,252
Sahtu	2,234	204	2,530	247
Inuvik	2,284	862	2,347	914
	33,963	**6,054**	**36,331**	**4,959**

5. Loans receivable (continued)

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

	000's	
Credit risk rating	**2020**	**2019**
	$	**$**
Low	18,016	21,301
Medium	15,042	14,165
High	905	865
	33,963	**36,331**

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:

	000's	
Loans past due but not impaired	**2020**	**2019**
	$	**$**
31 – 60 days	21	14
61 – 90 days	7	2
Over 90 days	-	1
	28	**17**

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is $2 million. Amounts greater than $2 million must be approved by the FMB. There were no loans approved by the FMB in 2020 (2019: nil).

6. Allowance for credit losses

	000's	
	2020	2019
	$	$
Balance, beginning of year	3,527	3,527
Provision for credit losses	121	404
Loans written off	-	(147)
Recoveries from repayments of allowance	(158)	(257)
Balance, end of year	**3,490**	**3,527**
Comprised of:		
Specific allowance	2,808	2,800
General allowance	682	727
	3,490	**3,527**

7. 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, 2020, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2020 were $593,000 (2019: 593,000) with accumulated write-downs of $593,000 (2019: $593,000). In 2020, no venture investments were approved for write-off (2019: nil) by the board or for forgiveness by the FMB (2019: $61,000).

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.

8. Employment and post-employment benefits

(a) Pension benefits

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.07 times (2019: 1.1) 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 (2019: 1.0) the employee's contribution. Total contributions of $148,000 (2019: $175,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

8. Employment and post-employment benefits (continued)

(a) Pension benefits (continued)

	000's	
	2020	2019
	$	$
Corporation's contributions	148	175
Employees' contributions	141	158

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 2020 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	
	2020	2019
	$	$
Accrued benefit obligation, beginning of year	424	338
Current period benefit cost	11	15
Interest cost	11	11
Benefit payments	(8)	(36)
Actuarial (gain) loss	(189)	96
Accrued benefit obligation, end of year	249	424
Unamortized net actuarial gain (loss)	96	(109)
Accrued benefit liability (asset)*	**345**	**315**

*Total retirement, post-employment, and other leave benefits includes $317,180 (2019 - $287,046) related to severance and removal and $28,195 (2019 - $28,375) related to compensated absences.

8. Employment and post-employment benefits (continued)

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

Benefit Expense

	000's	
	2020	2019
	$	$
Current period benefit cost	11	15
Interest cost	11	11
Amortization of actuarial loss	16	5
Post-employment benefits	**38**	**31**

The discount rate used to determining the accrued benefit obligation is an average of 2.70% (2019: 3.20%). The assumed rate of compensation increase is 2% (2019: 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 (2018: 8.3 years). No inflation was applied.

9. Advances from the Government

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, 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 (2019: $45 million) as at March 31, 2020.

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 0.70% to 1.66% (2019: 1.45% to 2.34%) during the year.

	000's	
	2020	2019
	$	$
Balance, beginning of year	20,934	20,935
Interest charged on the Advance	294	416
Repayments made	-	(417)
Balance, end of year	**21,228**	**20,934**

10. Government transfers

	000's					
	2020			2019		
	Lending/ Invest-ments	Retail/ Manufac-turing	Total	Lending/ Invest-ments	Retail/ Manufac-turing	Total
	$	$	$	$	$	$
Government:						
Operations and maintenance	1,339	620	**1,959**	1,287	630	**1,917**
Services received without charge (Note 15)	866	-	**866**	767	-	**767**
	2,205	620	**2,825**	2,054	630	**2,684**
Federal programs	97	-	**97**	97	-	**97**
	2,302	**620**	**2,922**	**2,151**	**630**	**2,781**

A stipulation included in the agreement is for any unspent funds to be repaid to the Government. There were no unspent amounts in 2020 (2019: nil).

11. Expenses by object

	000's					
	2020			2019		
	Lending/ Investments	Retail/ Manufacturing	Total	Lending/ Investments	Retail/ Manufacturing	Total
	$	$	$	$	$	$
Advertising and promotion	16	6	22	17	8	25
Amortization	53	26	79	48	32	80
Asset retirement	-	1	1	5	1	6
Bad debts (recovery)	-	6	6	-	28	28
Bank charges and interest	2	27	29	1	29	30
Board members	31	1	32	20	1	21
Business Development Fund	153	-	153	212	-	212
Business Service Centre	247	-	247	236	-	236
Computers and communications	96	21	117	99	21	120
Cost of goods sold	-	914	914	-	915	915
(Recovery of) provision for credit losses (net)	(37)	-	(37)	147	-	147
Insurance	-	22	22	-	27	27
Interest expense on advances from the Government	293	-	293	416	-	416
Loss on disposal of tangible capital assets	-	-	-	6	-	6
Office and general	42	14	56	44	16	60
Professional services	38	60	98	37	59	96
Rent	154	15	169	180	15	195
Repairs and maintenance	-	29	29	-	9	9
Salaries and benefits	2,979	214	3,193	2,217	246	2,463
Training and workshops	2	-	2	12	3	15
Travel	17	2	19	16	25	41
Utilities	-	68	68	-	59	59
	4,086	1,426	5,512	3,713	1,494	5,207

12. Commitments

As at March 31, 2020, loans to businesses approved but not yet disbursed, totalled $4,503,000 at a weighted average interest rate of 5.7% (2019: $962,000 at a weighted average interest rate of 4.6%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2020, all contributions to businesses approved have been disbursed (2019: $29,000 were undisbursed).

13. Contingencies

Loans

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling $339,000 (2019: three outstanding loans totalling $409,000). 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 2020, one account in the amount of $10,000 was assigned to the Corporation (2019: nil).

Letters of credit

The Corporation has two outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled $2,100,000 (2019: $2,100,000) and expire in fiscal 2021. Payment by the Corporation is due from these letters 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 (2019: nil).

One of the letters in the amount of $100,000 was issued in July 2015 and expired the following year with no renewals in subsequent years. However, the original letter offering the standby letter of credit had a 5 year term. As long as the credit facility has not expired, the company is able to request another standby letter of credit. The Corporation has included it in the contingency note because of the 5 year term condition.

14. 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 15).

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

	000's	
	2020	2019
	$	$
Revenues		
Sales	86	31
Government transfers (Note 10)	2,825	2,684
Expenses		
Purchases	189	215
Interest on advances from the Government	294	416
Balances at year end		
Accounts receivable	67	21
Accounts payable and accrued liabilities	264	168
Advances from the Government	21,228	20,934

15. 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	
	2020	2019
	$	$
Staff support	665	540
Accommodation	201	227
	866	767

16. Budgeted figures

Budgeted figures have been derived from the budgets approved by the Minister and the FMB. The budget figures for the Corporation's organizations have been approved by the Corporation's senior management.

The 2020 and 2019 budgeted expenses are as follows:

	000's					
	2020			2019		
	Lending/ Investments	Retail/ Manufacturing	Total	Lending/ Investments	Retail/ Manufacturing	Total
	$	$	$	$	$	$
Advertising and promotion	20	12	32	25	12	37
Amortization	5	35	40	6	29	35
Bad debts	-	-	-	-	4	4
Bank charges and interest	-	26	26	-	27	27
Board members	35	2	37	40	2	42
Business Service Centre	248	-	248	268	-	268
Compensation and benefits	2,380	263	2,643	2,615	256	2,871
Computers and communications	110	19	129	105	18	123
Cost of goods sold	-	777	777	-	747	747
Credit loss (net)	350	-	350	300	-	300
Grants, contributions and transfers	200	-	200	200	-	200
Freight and courier	-	-	-	-	3	3
Insurance	-	27	27	-	23	23
Interest expense	450	-	450	165	-	165
Office and general	56	27	83	57	21	78
Professional services	100	56	156	175	65	240
Rent	176	16	192	173	16	189
Repairs and maintenance	-	12	12	-	12	12
Travel	30	29	59	50	20	70
Utilities	-	52	52	-	38	38
	4,160	1,353	5,513	4,179	1,293	5,472

17. Economic dependence

The Corporation received 42.1% (2019: 43.8%) 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.

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: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2020, $2,344,000 (2019: $682,000) 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.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2020:

	000's	
	2020	2019
	$	$
Cash	19,436	17,245
Accounts receivable	186	204
Loans receivable	36,723	37,924
Letters of credit	2,100	2,100

18. Risk management (continued)

Interest rate risk

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

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 (2019: $513) to the Government.

Based on the Corporation's advances from the Government as at March 31, 2020 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by $22,000 (2019: $49,000). A 100 basis point decrease in interest rates would increase annual surplus by $51,000 (2019: $78,000).

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.

19. Subsequent Events

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Global business and investment markets were immediately and substantively affected. All industries are susceptible to impacts of the pandemic to some extent; however, industries most at risk are likely to face cash flow issues as disruptions due to consumption changes, trade issues and labour shortages take effect. These impacts will result in an erosion of working capital that could make debt repayment more difficult. In addition, certain assets held as security are at a higher risk of being devalued in the current economic environment, particularly if a default were to occur. Within the Corporation's portfolio, this would impact industries differently depending on the nature of the security.

The Corporation's operations changed as a result of the COVID-19 crisis, including the closure of its offices and employees working remotely until July, 2020. The Government announced on March 20, 2020 certain economic relief measures through the Corporation effective April 1, 2020. The Corporation is allowing clients to apply to have their loan repayments reduced or deferred until March 31, 2021 without penalty or additional interest charges. In addition, the Corporation is offering a low interest loans during the pandemic. Loans of up to $25,000 or higher in certain circumstances are being made available to qualified businesses at a rate of 1.75%.

19. Subsequent Events (continued)

In June 2020, the Corporation borrowed $3 million from the Government to help with COVID-19 economic relief loan disbursements.

There is uncertainty about the length and potential impact of the pandemic. As the pandemic continues to evolve, the cumulative financial effect of the impact on the Corporation cannot be made at this time as the duration and extent are uncertain and cannot be determined. Management estimates that the impact of certain economic relief measures effective April 1, 2020 will significantly decrease cash flows from loans and interest income next year.

Northwest Territories Business Development and Investment Corporation

Consolidated Schedule of Tangible Capital Assets
March 31, 2020

Schedule A
000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improve-ments	Computer Equipment	March 31, 2020	March 31, 2019
	$	$	$	$	$	$	$
Cost of tangible capital assets, opening	80	1,950	668	510	9	3,217	3,201
Acquisitions	-	28	31	30	-	89	181
Disposals	(2)	(189)	(15)	-	-	(206)	(165)
Cost of tangible capital assets, closing	78	1,789	684	540	9	3,100	3,217
Accumulated amortization, opening	-	1,835	664	373	7	2,879	2,958
Amortization expense	-	12	13	53	1	79	80
Disposals	-	(161)	(15)	-	-	(176)	(159)
Accumulated amortization, closing	-	1,686	662	426	8	2,782	2,879
Net book value	**78**	**103**	**22**	**114**	**1**	**318**	**338**

NORTHWEST TERRITORIES HERITAGE FUND

Financial Statements

For The Year Ended March 31, 2020

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, 2020, 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, 2020, 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, 2019 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 21, 2020

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 21, 2020

NORTHWEST TERRITORIES HERITAGE FUND

Statement of Financial Position

As at March 31, 2020

	2020 (Actual)	2019 (Unaudited)
FINANCIAL ASSETS		
Cash and cash equivalents	**$ 129,677**	$ 24,166,846
Interest receivable	**293,883**	48,234
Portfolio investments *(Note 2)*	**26,347,965**	-
	26,771,525	24,215,080
LIABILITIES		
Accounts payable and accrued liabilities	**18,696**	-
NET FINANCIAL ASSETS	**26,752,829**	24,215,080
ACCUMULATED SURPLUS	**$ 26,752,829**	$ 24,215,080

SUBSEQUENT EVENT *(Note 6)*

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, 2020

	2020 (Budget)	**2020 (Actual)**	2019 (Unaudited)
REVENUES			
Contributions from the Government of the Northwest Territories	$ 7,600,000	**$ 1,856,484**	$ 6,591,127
Investment income	-	**618,015**	453,589
Gain on sale of investments	-	**122,001**	-
	7,600,000	**2,596,500**	7,044,716
EXPENSES			
Professional fees	-	**58,751**	-
ANNUAL SURPLUS	7,600,000	**2,537,749**	7,044,716
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	**24,215,080**	17,170,364
ACCUMULATED SURPLUS, END OF YEAR	$ 7,600,000	**$ 26,752,829**	$ 24,215,080

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2020

	2020 (Budget)	**2020 (Actual)**	2019 (Unaudited)
ANNUAL SURPLUS	$ 7,600,000	**$ 2,537,749**	$ 7,044,716
NET FINANCIAL ASSETS, BEGINNING OF YEAR	24,215,080	**24,215,080**	17,170,364
NET FINANCIAL ASSETS, END OF YEAR	$ 31,815,080	**$ 26,752,829**	$ 24,215,080

NORTHWEST TERRITORIES HERITAGE FUND

Statement of Cash Flows

For The Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	**$ 2,537,749**	$ 7,044,716
Items not affecting cash:		
Gain on disposal of investments	**(122,001)**	-
Amortization of investment premiums/discounts	**(186,239)**	-
	2,229,509	7,044,716
Changes in non-cash working capital:		
Interest receivable	**(245,649)**	(22,025)
Accounts payable and accrued liabilities	**18,696**	-
	(226,953)	(22,025)
	2,002,556	7,022,691
INVESTING ACTIVITIES		
Purchase of investments	**(40,153,420)**	-
Proceeds from disposals and redemptions of investments	**14,113,695**	-
	(26,039,725)	-
INCREASE (DECREASE) IN CASH FLOWS	**(24,037,169)**	7,022,691
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**24,166,846**	17,144,155
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 129,677**	$ 24,166,846

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

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.

Cash and cash equivalents

Cash and cash equivalents is comprised of bank account balances, net of outstanding cheques and short-term highly liquid investments that are readily convertible to known amounts of cash and have a maturity date of 90 days or less from the date of acquisition.

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.

2. PORTFOLIO INVESTMENTS

	2020 Cost	2020 Market value	2019 Cost	2019 Market value
Guaranteed investment certificates	**$ 8,416,864**	**$ 8,416,864**	$ -	$ -
Canadian papers	**7,992,700**	**7,749,527**	-	-
Bonds	**3,685,118**	**3,813,050**	-	-
Equities and other financial instruments	**6,253,283**	**4,710,233**	-	-
	$26,347,965	**$24,689,674**	$ -	$ -

Guaranteed investment certificates bear interest at fixed rates ranging from 2.17% to 2.50% per annum maturing on April 9, 2020.

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 $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, 2020.

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 2019-2020 Government of Northwest Territories "Main Estimates".

5. COMPARATIVE FIGURES

Comparative figures presented are unaudited.

6. SUBSEQUENT EVENTS

On March 22, 2020, the Government of the Northwest Territories declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") pandemic. The measures implemented by governments, businesses, and other organizations to safeguard against COVID-19 may have a significant effect on the Fund's financial position. At this time, the financial impact of the COVID-19 pandemic, if any, on the Fund cannot be reliably estimated.

Northwest Territories Housing Corporation Annual Report 2019-2020

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1. Message from the Minister

As the Minister responsible for the Northwest Territories Housing Corporation (NWTHC), I am pleased to release the 2019-2020 Annual Report and to be leading our efforts to ensure that our residents receive suitable housing that is affordable and meets the housing needs of the residents of the Northwest Territories

During 2019-2020, NWTHC made progress in many strategic areas. We continued to pursue partnerships with Indigenous and community governments, Non-Governmental Organizations (NGOs) and the Federal Government in exploring partnerships under the Community Housing Support Initiative (CHSI), National Housing Strategy Bi-lateral agreement, and community housing plans.

We are making great headway in developing new units for the RCMP. An activity that will both support community safety and bring in new revenue streams for the NWTHC.

It is extremely important for me that small communities and all residents of the Northwest Territories have a voice in housing matters in their community. I am pleased with the progress we have made on Community Housing Plans. Having community input and ownership regarding future housing initiatives is critical to ensuring that we are meeting the housing needs of our residents. We will continue to make progress on these plans, and they are an item that I will be paying close attention to.

I will ensure that the NWTHC is continually pursuing ways to improve housing in the NWT.

Thank you.

Hon. Paulie Chinna
Minister

2. Message from the President and CEO

Housing has always been a critical aspect of the GNWT's focus, and we continue to work towards its goal of ensuring that housing needs across the NWT are being met. The steps the NWTHC is taking to reach this goal will be guided by the incoming 19th Legislative Assembly and we look forward to the developments to come.

In 2019-20, the NWTHC spent over $107.3 million on housing operations in the NWT. In addition to this amount, we invested in capital projects that included the construction of 56 units and 101 major modernization and improvement projects. In investing in housing, we invest in our people, including community workers.

This past year's new construction delivery included the completion of a public housing 17 plex in Inuvik increasing the supply of much needed singles units, a seniors 9-plex in Fort McPherson, 8 additional market housing units for community workers and an additional 13 public housing replacements units delivered under the NWTHC's strategic partnership with the Inuvialuit Regional Corporation. To date, this partnership agreement with the IRC has resulted in the delivery of 27 new public housing replacement units within the Inuvialuit Settlement Region, with a remaining 7 housing units planned for 2020-2021.

In addition, the NWTHC continues to work closely with the RCMP and the GNWT's Department of Justice to advance the delivery of 45 new housing units the Royal Canadian Mounted Police (RCMP). Having constructed and leased several units for the RCMP since the early 1990's, I am pleased that the RCMP has again reach out to the NWTHC and entrusted us with this major delivery to support the provision of policing services across the territory.

Community engagement is critical for our organization to provide housing. Whether it is through partnering with our Local Housing Organizations, or conducting Community Housing Plans, having that community engagement on housing is critical and we will be building on it moving forward.

We held the Northern Housing Summit in Inuvik at the beginning of the year, which helped set the tone for our focus on community engagement. Partners from all aspects of housing met and exchanged ideas and solutions to our housing situation and it was a great opportunity to seek and develop partnerships now that we have money coming in through the National Housing Co-investment Fund and the Community Housing Support Initiative. Our staff are on-hand to support any proponents that seek to increase housing options in the NWT.

We look forward to talking with our Indigenous and Community partners on opportunities and initiatives that will support the housing needs of northerners.

Tom R. Williams
President & CEO

3. Corporate Profile

Mission Statement

The Northwest Territories Housing Corporation (NWTHC) works in partnership with residents, where appropriate and necessary, to ensure access to affordable, adequate and suitable housing.

Goals:

- Ensure a sufficient supply of adequate, suitable and affordable housing to address the housing needs of NWT residents.
- Promote personal responsibility and accountability for housing.
- Provide homeownership and rental programs and services that are effective and appropriate.
- Help address homelessness through supporting the infrastructure needs of emergency shelters and transitional housing.
- Acquire housing in an effective and efficient manner for program delivery through appropriate designs, land planning and acquisition, and appropriate construction standards.
- Enhance the long term sustainability of NWTHC housing assets through on-going maintenance and repairs and implementing energy efficiency technologies.

4. Corporate Structure

Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing

need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, municipal and Aboriginal governments to manage and administer community housing services in 33 communities.

Branches

The Executive, comprised of the President's Office and the Strategic Planning, Policy and Communications Division manages the implementation of the Government's direction related to housing.

The President's Office – The President's Office is responsible for supporting the Minister Responsible for the NWTHC, providing overall strategic and operational direction, leading the senior management team and managing the human and financial resources of the NWTHC.

Policy and Planning – The Policy and Planning Division provides support with regard to long-term strategic direction and planning for the NWTHC. This Section is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications and homelessness initiatives. This section represents the NWTHC on a Federal/Provincial/Territorial level, on interdepartmental working groups, and on other committees.

Finance and Infrastructure Services – The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Financial Planning Section, the Infrastructures Services Division and the Occupational Health and Safety (OH&S) Section.

The Finance and Administration Division – is responsible for the overall financial affairs of the NWTHC. This includes the provision of accounting and advisory services, reporting and monitoring, treasury services, mortgage administration and the management of own source revenues and federal funding. The Financial Planning Section leads the development of the infrastructure, revenues and operating budgets for the NWTHC, including the annual business plan and main estimates, and on-going variance analysis and reporting.

The Infrastructure Services Division - is responsible for planning, designing and coordinating the delivery of the NWTHC's capital infrastructure projects, advising on and supporting homeownership project delivery, securing suitable land for the delivery of housing programs and services and the overall maintenance management of the NWTHC's housing portfolio.

The Occupational Health and Safety Section- is responsible for the corporate wide delivery and on-going modernization of the NWTHC's Occupational Health and Safety Program working closely with headquarters, all District Offices and Local Housing Organizations.

Programs and District Operations - The Programs and District Operations Branch provides corporate support and oversight to the NWTHC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that support the NWTHC's response to housing needs in the NWT, and to ensure a continuity of approach to program delivery and implementation.

The Programs Development and Implementation Section - The Program Development and Implementation Section works closely with District Offices and Local Housing Organizations (LHOs) to ensure compliance with existing program policies and procedures. This Section also develops and updates ongoing operational policies and procedures to ensure housing programs remain updated and responsive, and to ensure that District Offices and LHOs have the support, training and capacity required to effectively and efficiently deliver the NWTHC's programs and services.

The District Operations - District Offices are responsible for the administration of district capital and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, training, and work closely with stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options for programming to assist individuals and families in decision making regarding their housing needs. This assistance includes the delivery of the NWTHC's Providing Assistance for Territorial Homeownership (PATH), Contributing Assistance for Repairs and Enhancements (CARE), Contributing Assistance for Repairs and Enhancements Preventive Maintenance (CARE PM), Contributing Assistance for Repairs and Enhancements Mobility for Seniors (CARE Mobility) and Securing Assistance for Emergencies (SAFE) homeownership programs.

<u>North Slave District Office:</u>

This District Office supports the communities of: Behchokǫ̀, Detah/N'dilo, Gamètì, Łutselk'e, Wekweètì, Whatì and Yellowknife.

<u>South Slave District Office:</u>

This District Office supports the communities of: Enterprise, Hay River, K'atl'odeeche First Nation, Kakisa, Fort Providence, Fort Resolution and Fort Smith.

<u>Nahendeh District Office:</u>

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Sambaa K'e and Wrigley.

Sahtu District Office:

This District Office supports the communities of: Colville Lake, Délı̨nę, Fort Good Hope, Norman Wells and Tulita.

Beaufort-Delta District Office:

This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

Local Housing Organizations (LHOs) – The NWTHC, in partnership with 23 LHOs, and community organizations, administers approximately 2,400 social housing units in 32 communities across the NWT. The LHOs, under agreement with the NWTHC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWTHC's district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWTHC, are responsible for the administration of Public and Affordable housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWTHC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. Affordable housing includes both our leased subsidized Homeownership Entry Level Program (HELP) and market housing units.

The following is a list of all 23 LHOs and the Yellowknife Dene First Nation that supports the delivery of the NWTHC's programs and services via a Housing Division:

Aklavik Housing Association
Behchokǫ̀ Ko Gha K'àodèe
Délı̨nę Housing Association
Fort McPherson Housing Association
Fort Providence Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Gamètì Housing Authority
Hamlet of Fort Liard
Hay River Housing Authority
Inuvik Housing Authority
Łutselk'e Housing Authority
Norman Wells Housing Authority
Paulatuk Housing Association
Radilih Koe Housing Association
Sachs Harbour Housing Association
Tsiigehtchic Housing Association
Tuktoyaktuk Housing Association
Tulita Housing Association
Ulukhaktok Housing Association
Whatì Housing Authority
Yellowknife Housing Authority
Yellowknife Dene First Nation Housing Division

5. NWTHC Programs

The NWTHC's programs are essential pieces in supporting the GNWT's efforts to improve the quality of life for its residents. Our programs and services facilitate access to housing that NWT residents can afford, that meets suitability standards, and is adequate to meet residents' needs. In addition, our programs and services should provide easy access for clients and promote greater personal responsibility for housing through community-based training and support.

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWTHC. The NWTHC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWTHC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 32 communities throughout the NWT.

Market Housing and HELP

The NWTHC provides rental housing throughout the NWT though the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program. In 2019-20 the NWTHC approximately had 220 units in the HELP program and approximately 190 units in the Market Housing Program. The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to rent units from the NWTHC at affordable standardized rents based on geographic zones. Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through STEP courses.

STEP Program

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like

teachers and nurses. In order to support non-market communities, the NWTHC operates approximately 170 units under the Market Housing Program. Under the program, the NWTHC provides rental housing units at market rental rates intended to increase the availability of housing in smaller communities for community workers.

Transitional Rent Supplement Program

On September 1, 2012, the NWTHC launched the Transitional Rent Supplement Program (TRSP). The TRSP is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

Homeownership

The NWTHC provides an opportunity for NWT residents to access government support through programming for the purchase of a modest private home, repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their home, or access a rental program that allows them to experience the commitments required to be a successful homeowner.

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents, and also meets the needs of seniors and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners. Recently, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWTHC is necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

The following housing programs help us to achieve our goals to improve housing in the NWT:

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)
- Seniors Aging in Place
- Fuel Tank Replacement Initiative
- Community Housing Support Initiative

STEP

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as their knowledge of the home purchase process, basic home maintenance and repairs. STEP courses are not only offered to NWTHC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

PATH

PATH allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance levels are determined by a zone approach that provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities, and range between 5% and 55% of the purchase price or the Maximum Construction Cost (MCC), whichever is less. Applicants with moderate income, but income over the Core Need Income Threshold (CNIT), will be eligible for 50% of the subsidy. Assistance is provided through a forgivable loan. The forgiveness period of the loan is dependent on the amount of assistance provided.

CARE

CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Assistance of up to $100,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations for their existing home. The forgiveness period is dependent on the amount of assistance being provided. Co-pay may be required depending on household income.

CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to $100,000 to carry out modifications to their home to improve accessibility and support independent living. Modifications must be directly related to the disability of the homeowner or a family member residing in the unit. Such modifications may include:

- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.

CARE PM

CARE PM provides assistance for preventative maintenance and minor repairs. Clients can apply for up to $3,000 annually and can apply for this support on a year-round basis.

SAFE

SAFE is an emergency repair program. Clients are eligible for up to $10,000 for emergency repairs to their private home to ensure health and safety standards are met, and are able to make applications for SAFE funding at any time. SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (copayment) between the NWTHC and the homeowner.

Seniors Aging in Place

The Seniors Aging-In-Place Retrofit Program provides a forgivable loan (over one year) to lower energy costs or for repairs so that seniors who own their homes can continue to live in their homes safely. Assistance of up to $10,000 per fiscal year is available to assist seniors with energy efficient repairs/upgrades to their homes to make them less expensive to operate and more comfortable to live in so that they can live independently for as long as possible in their communities. In order to be eligible for this program you must be resident and homeowner of the Northwest Territories who is 60 years old, or older, and who has an income below the current Core Need Income Thresholds (CNITs) as posted on the NWTHC's website.

Fuel Tank Replacement Initiative

Assistance of up to $10,000 per life-time is available to existing homeowners to upgrade their aging aboveground fuel tanks. In order to be eligible for this program household income must be below CNIT.

Community Housing Support Initiative

The NWTHC continues to pilot the Community Housing Support Initiative (CHSI) to provide funding to municipalities or other community corporate bodies for community-based housing projects that contribute to the delivery of affordable housing for families, seniors and single member households.

NWTHC Homelessness Programs

The NWTHC supports the Minister Responsible for Homelessness in a Secretariat role, monitoring and taking inventory of the numerous homelessness interventions taken across GNWT departments. The NWTHC also direct delivers its own homelessness programming, which ranges from capital support for shelters, fostering small community homelessness solutions and working with GNWT case managers and referral agents to help prevent homelessness.

SEF (Shelter Enhancement Fund)

Recognizing that shelters often struggle to find resources for repairs, renovation or important equipment purchases, the NWTHC created the Shelter Enhancement Fund. This ongoing fund provides one-time funding for repairs and capital purchases based on proposals by shelter proponents. This fund supports shelters to maintain health and safety standards as well as to purchase important equipment and supplies to continue their operations.

Rapid Rehousing Pilot Program

The Rapid Rehousing Program pilot builds on the experience of Non-Governmental Organizations (NGOs) using their effectiveness in case management and expertise in program referral. The NWTHC partners with NGOs through a flexible contribution that allows the NGOs to help, in whatever manner they determine is appropriate, provide housing stability to the individuals they serve in their organizations.

Under the Rapid Rehousing approach, the focus is to assist people (both individuals and families) who are experiencing homelessness to quickly access and maintain market housing through the provision of rental assistance and programming.

Emergency Overnight Shelters

The NWTHC provides NWT emergency overnight shelters funding to assist shelter providers with the cost of rent and food to temporarily house people in need. There are five emergency overnight shelters in the NWT: three in Yellowknife and two in Inuvik.

SCHF (Small Community Homelessness Fund)

Communities are often best placed to identify solutions to address homelessness or assist homeless people. Sometimes these supports can come in the form of food security initiatives such as soup kitchens, food vouchers or food hampers. Sometimes communities want support to conduct their own planning to address homelessness. The Small Community Homelessness Fund, in its flexible funding design allows for communities to implement their own homelessness initiatives.

HAF (Homelessness Assistance Fund)

The Homelessness Assistance Fund works cooperatively with GNWT case managers and referral agents to support homeless resident to access housing, prevent tenants from being evicted or provide assistance for residents to return to more stable housing situations in their home community.

Housing First

The NWTHC provides an ongoing contribution to support the sustainability of a Housing First program in Yellowknife. The Housing First philosophy involves taking a two-fold approach to addressing homelessness: opportunities for independent rental housing and the provision of wrap around supports to address underlying homelessness factors.

Northern Pathways to Housing

To address homelessness in small communities outside of Yellowknife, NWTHC has developed the Northern Pathways to Housing a Supportive Housing Program for single adults experiencing housing stability. The goal of the program is to stabilize individuals with housing and work with communities to develop wrap around systems of support to encourage integration of individuals into the community. To date, the NWTHC is supporting four northern pathway projects in Aklavik, Fort Simpson, Behchokǫ̀ and Fort Good Hope.

Housing Stability Worker

Under the NWTHC Strategic Renewal, the NWTHC is piloting a new Housing Stability Worker program for Public Housing tenants in Behchokǫ̀ to improve their tenancy skills and knowledge, increase housing stabilization. During 2019-2020, the Housing Stability Worker supported over 15 Public Housing households with a range of services including: home visits, support to increase good tenancy practices and housing knowledge, development of housing plans and system navigation support to access services required to stabilize their housing.

On a voluntary basis, the Housing Stability Worker works with participants to develop a housing plan. Housing Plans include the development of goals that may address financial literacy, employment, housing arrears, health and wellness, food security and is provided using a person-centered approach. The program is intended to increase participant's system navigation skills, tenancy knowledge, and collaboration between housing and existing service providers to address a range of social issues thought to affect housing instability. Referrals into the program are done through the Local Housing Office (LHO).

6. NWTHC Program Delivery in a Snapshot

Homeownership Programs

The following charts report the program approvals as a breakdown by regional basis and territorial wide then follows with amount of approved applications for homeownership programs offered through the NWTHC.

Beaufort Delta District

Program Number of Programs	Number of Programs
CARE Major	5
CARE PM	68
CARE Mobility	0
Fuel Tank Replacement	10
HELP	1
PATH	2
SAFE	23
Seniors Aging In Place	43
Total	152

Nahendeh District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	20
CARE Mobility	0
Fuel Tank Replacement	3
HELP	0
PATH	1
SAFE	36
Seniors Aging In Place	13
Total	73

North Slave District

Program Number of Programs	Number of Programs
CARE Major	5
CARE PM	104
CARE Mobility	0
Fuel Tank Replacement	17
HELP	4
PATH	7
SAFE	58

Seniors Aging In Place	62
Total	257

Sahtu District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	46
CARE Mobility	0
Fuel Tank Replacement	14
HELP	2
PATH	0
SAFE	28
Seniors Aging In Place	11
Total	101

South Slave District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	50
CARE Mobility	0
Fuel Tank Replacement	8
HELP	1
PATH	0
SAFE	58
Seniors Aging In Place	12
Total	129

Total NWT

Program Number of Programs	Number of Programs
CARE Major	10
CARE PM	288
CARE Mobility	0
Fuel Tank Replacement	52
HELP	8
PATH	10
SAFE	203
Seniors Aging In Place	141
Total	712

Public Housing Program

Expenditures for the Public Housing Program in 2019-2020 totaled approximately $62 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2400 Public Housing units located in 32 communities throughout the NWT, which are managed by LHOs and community service agents.

7. RCMP Housing

The RCMP provides contracted policing services in the Northwest Territories under the Territorial Police Service Agreement (TPSA) negotiated between the Government of the Northwest Territories (GNWT), as represented by the Minister of Justice, and the Government of Canada, as represented by Public Works and Government Services Canada (PWGSC).

The RCMP has been challenged historically with finding adequate housing for its Members in communities across the NWT. Recognizing the NWTHC's long-standing construction and leasing relationship with the RCMP, the RCMP reached out to the NWTHC for assistance to deliver an additional forty-five (45) market rental housing units for their Members. Under a legal Memorandum of Agreement (MOA) signed in June 2019 between the RCMP and the NWTHC, the NWTHC will deliver 6 units for Fort Smith, 3 units for Norman Wells, 17 units for Inuvik, 7 units for Fort Simpson and 12 units for Hay River. The additional lease revenue generated under this twenty-year agreement will assist the NWTHC in mitigating the continued decline in CMHC operational funding for public housing operations.

8. Community Housing Plans

The Community Housing Plans project utilizes a partnership approach to co-develop housing plans with communities in the NWT. A Housing Plan is a strategic document that community members contribute to by providing information and input on housing in their community. The Housing Plan can be used to set a direction for potential investment opportunities in housing and support community leaders to make decisions on housing.

Prior to engaging in the planning process, all community leadership groups are invited to partner on the project, including municipalities and local Indigenous Governments. Together, the community leaders guide the planning process, verify community data, and prioritize housing projects. Whatì was the first community to complete a Housing Plan. The housing planning process in Whatì began on October 15, 2018 with a leadership meeting, resulting in the signing of an Agreement to Participate on November 19, 2018. Three community engagement trips were conducted, in December 2018, and February and July, 2019. Local facilitators were hired to assist in the planning work. Community members who worked on the plan included Whatì Community Government Councilor, Mike Nitsiza, as the lead facilitator, along with Jatonia Steinwand and Cindisa Smith-Zoe as facilitators. Kerry-Ann Franki, Manager of the Whatì Housing Authority, also offered her support in the project.

On December 17, 2019, the Whatì Community Government and the NWTHC held a Housing Forum event to bring together community leaders and partners to review the Whatì Housing Plan priorities and develop a timeline for actions moving forward. The forum provided an opportunity to celebrate the work accomplished by the community and build on the goals and actions. Partners from the Community Government, Tłı̨chǫ Government, NWTHC, and other GNWT departments came together in Whatì. On January 30, 2020, Minister Chinna, along with Chief Alfonz Nitsiza, announced the completion of the Community Housing Plan in Whatì. The Minister stated that:

“There is recognition across jurisdictions in Canada that the delivery of effective government housing programs and services requires more than efficient rent collection and housing maintenance. Improving housing in the NWT requires additional partnerships, leadership collaboration and to leverage precious resources.”

Chief Nitsiza recognized that the Housing Plan “is an important step in this process to strengthen the trust and relationships between communities and the Territorial government.” He stated that he was “pleased to see that the GNWT is recognizing the importance of community knowledge and decision making in meeting our housing needs.”

The health restrictions imposed amidst the COVID-19 pandemic has changed the process of the community housing plans, but staff is still working diligently to ensure that project proceeds efficiently. As stated by Community Housing Planner, Janelle Derksen: “the COVID-19 restrictions have limited the ability to travel into communities to work with locals on this project. However, the work continues with more focus on research and reporting as we prepare for the reopening of communities.”

Likewise, Derksen asserts that “We have adjusted to more phone and video conversations and are constantly trying new technologies to facilitate our discussions.”

Derksen said she found the collaborative approach of the community housing plan project to be one of the most rewarding aspects of the project, ensuring the needs of NWT residents are met. “The project involves coordinating with all levels of the NWTHC

including Headquarters, District Offices, and Local Housing Organizations. As part of this project we also collaborate with other GNWT departments and the Federal Government. In this work, we foster information sharing, welcome a diversity of perspectives, and build consensus with community leaders, residents, and partners. Collaboration is both a challenging and rewarding, it takes longer but it yields better results." Many communities are in various stages of the housing planning process with Paulatuk and Fort Laird both near completion.

9. Northern Housing Summit

A key event from the 2019-2020 year was the Northern Housing Summit hosted in Inuvik from April 23-24, 2019. The summit began with all parties embracing a collaborative approach across sectors to improve housing in NWT communities. Nellie Cournoyea was the keynote speaker for the first day. She gave a unique perspective on NWT history as a former NWT Premier and four-term MLA. Cournoyea's address, which encouraged community-minded solutions, resonated with the crowd.

The first day also included mobile tours of various community housing assets in Inuvik. First, delegates were given a walking tour to the Inuvik Homeless Shelter. Subsequently, delegates took a bus ride through Inuvik to view current housing developments including a duplex, triplex and six-plex built by the Inuvialuit Regional Corporation and Nappaq Design and Construction and a 17-unit apartment building under construction by the NWTHC.

Day 1 of the summit was capped off in the evening with a reception hosted by the Minister at the Midnight Sun Complex. The reception provided delegates with an opportunity to network and foster relationships amongst stakeholders. Cultural entertainment was provided by the Inuvik Drum Dancers who, after numerous dances, invited delegates forward to learn some of the moves

The second day included a keynote speech from pre-eminent architect Douglas Cardinal, who is famous for incorporating Indigenous design elements into many of his projects during his long and distinguished career. Notable works by Cardinal include the Museum of History in Gatineau, Quebec, and National Museum of the American Indian in Washington, D.C. Mr. Cardinal explored the inspirations for his works and the role of Indigenous knowledge and culture as an integrated component in his much appreciated national and international architecture

Day two also featured several concurrent sessions focusing on various housing issues and topics. Concurrent sessions included an Indigenous housing panel, a green energy solutions panel, a panel on training future tradespersons, and a panel on housing for healthy communities. Furthermore, there was a trade show allowing various stakeholders to set up booths in the Main Hall. Organizations involved in the trade show included YYC Property Solutions, a private Calgary-based business that builds cost-saving, energy efficient, modular sustainable building solutions and Horizon North, a Canadian modular construction company. Moreover, representatives from the federal and territorial governments also participated in the trade show, with booths from the Department of

Education, Culture and Employment, the NWTHC, and the Canadian Mortgage and Housing Corporation (CMHC).

The summit concluded with closing remarks from Shane Thompson, the Member of the Legislative Assembly for Nahendeh and Chair of the Standing Committee on Social Development. Thompson expressed appreciation for the attendance and participation of all delegates. Similarly, the Minister Responsible for the NWTHC expressed gratitude for those in attendance, along with the presenters and panelists, for helping foster partnerships in the Northern housing sector.

Four key outcomes were identified from the summit. First, it provided communities, Indigenous organizations, industry, NGOs and other housing stakeholders with information on how to access investment opportunities, such as the Community Housing Support Initiative and the National Housing Co-Investment Fund. Second, the Summit stimulated the development of partnerships among housing stakeholders to empower individuals, organizations and communities to engage on key housing issues and initiatives. Third, the Summit gave housing stakeholders an opportunity to consider how to realize their housing aspirations and how to shape their communities by providing for the training of future tradespersons, incorporating green energy solutions, and planning for housing to support healthy communities. The final outcome was that the Summit created lasting relationships between stakeholders centred around common goals for improved housing in NWT communities.

10. NWTHC Employee Profile: Tanice Turner

Tanice Turner is currently the Senior Contracting Specialist, a position she has held since 2018. Located in the NWTHC's infrastructure division, Tanice is responsible for confirming contract payments in SAM, Purchase Orders, contracts change orders, maintaining Contract files, analyzing tenders, and ensure all documents have been submitted and are up-to-date. Our regional staff are also appreciative of the work Tanice does supporting our District staff regarding the contracting process.

Tanice has worked for the NWTHC in various roles since August 2003, when she was first hired in the finance division as a finance office. She would later move on to financial planning, from 2004 to 2018, working as a senior financial officer, before assuming her current role in the infrastructure division.

In contrast to her previous position with the corporation, Tanice has recognize her new role is much more hands on: "In my current position there is a learning curve with learning the Contract side of things I have the background and experience with the financial side for the contract. This position is more hands on to individual projects and working with the Senior project officers along with the contractors."

11. LHO Employee Profile: Alfonsine Gargan

Thirty-three years in one business is a crowning achievement in any area, but in the area of social housing delivery, it speaks to the resilience and commitment of the person. Last year, Alphonsine Gargan, the Tenant Relations Officer for the Fort Providence Local Housing Association was feted for 33 years of exemplary service in the delivery of housing, especially for residents with low-to-modest incomes.

"When I started I was only looking for a temporary situation. Little did I know that I would be here so many years later, with a full career in delivering Public Housing."

Tenant Relations Officers (TROs) are the primary facilitators and supports for Public Housing participants. They help residents with managing their payments as well as field questions on issues that they might have with the program or their unit. In some cases, TROs bring forward issues to their managers and to LHO boards to help resolve problems of clients.

"It's been fulfilling, thinking about all the people that I have met and helped over the years. People really need these housing supports and I am grateful to have been able to contribute my share in helping people."

12. LHO Employee Profile: Melvin Fortier

"There aren't a lot of houses in our stock that have been around longer than I've worked here."

Melvin Fortier would know. He's worked at the Fort Smith Housing Authority for thirty years. After 30 years as a Journeyman Carpenter with the LHO, he has literally and figuratively helped to build and support his community day in and day out.

In Fort Smith, when Public Housing participants have an issue with their unit or even if they just have questions, they know who can help them. Melvin knows his job well and understands the critical contribution that he provides.

"Providing safe and affordable housing is one of the most important services that we can provide for our communities."

He has been a very valuable member of the team at the Fort Smith Housing Authority, which has been very lucky to have had his years of experience and wisdom to draw on. After thirty years of service, Melvin is moving on to a well-deserved retirement.

13. NWTHC Office Profile: South Slave District Office

The South Slave District Office currently has nine staff members, responsible for delivering programs and services at the regional and community level in the South Slave District. The

South Slave District Office services 7communities: Hay River, Fort Smith, Fort Providence, Fort Resolution, the K'atl'odeeche First Nation, Enterprise, and Kakisa.

The District Office works closely with the Local Housing Organizations in the region. There is a technical advisor and a program advisor assigned to each LHO. They provide program support and act as a technical resource and a resource to the board. District Director Joletta Larocque stated that "we hold quarterly teleconferences with the LHO managers and maintenance foreman to share information, ideas, and to get updates and emerging issues from the LHOs. This helps us be more proactive in addressing issues and providing assistance. Communication is key." The district also maintains active communication with headquarters in Yellowknife, and "each staff member has key staff members in HQ that they communicate with regularly and use as a resource person."

The District Office also works hard to engage with the communities and residents in the district. Staff members attend the annual Health Fairs in every community to promote programming and meet with local leadership when visiting communities. The district office offers presentations to community groups, such as seniors societies, to promote relevant programs.

Joletta stated that the South Slave is unique because "we have a large homeowner population compared to the rest of the Territories. So, this puts a high demand on our maintenance and repair programs." Every community in the District is also accessible year-round by road, differentiating it from the other districts. The South Slave has a large senior's population, with a large percentage of the public housing units allocated to seniors. The challenges regarding a large seniors population has been addressed through a seniors housing strategy.

Homelessness in Hay River has been brought to light during the early months of COVID-19 restrictions. The NWTHC is working with the Hay River Committee for Persons with Disabilities to establish a Men and Women's Homelessness Shelter.

There are concerns regarding a shortage of market rental in the district, especially in Fort Smith; this issue was exacerbated in March 2019 when there was fire at the Mackenzie Place High Rise in Hay River. The fire resulted in approximately 150 displaced residents. To address the high rise fire, short term leases were set up to house a number of families until they could find suitable accommodation, 5 modular units were brought to the community as market rentals, and the capital plan was accelerated for the KFN homeownership and public housing, 6 renovated units were transferred to KFN for

homeownership programs and 10 units are being used for public housing. To address the broader challenger of market rental shortages, Community Housing Agreements were signed with the Salt River First Nations to provide building packages. The district office has also been promoting the Co-Investment Fund to stakeholders in the communities and encouraging organizations, especially aboriginal governments to take advantage of the programs to develop housing in their communities.

The current district office staff has long service with the GNWT and many are set to retire. Joletta states that "a priority over the past 5 years has been on succession planning. Junior staff have participated in the GNWT Management programs and are being mentored by senior staff so that they are ready when vacancies occur. This ensures continuity and avoids a reduction of services."

14. Project profile: Northern Pathways – Behchoko`

One of the mandate priorities of the last Assembly was to advance affordable housing and address homelessness during the 18th Legislative Assembly. Accessing homelessness supports in communities outside of regional centres can be a challenge.

The Northwest Territories Housing Corporation is committed to developing innovative northern solutions to housing problems, and we have followed that approach with the Northern Pathways to Housing Program, an innovative approach to addressing homelessness in small communities.

We know there is homelessness in our communities. We know there are overcrowded houses where people couch-surf because they do not have a home of their own. Research tells us that the chances of addressing the issues that lead to homelessness - mental health, addictions and other social issues - are better when you have stable housing.

Under this program, we are working with community groups on the development, design and implementation of supportive housing for residents.

The community partner works with the program participants to maintain their housing stability and respond to their particular needs. This support includes connecting them with available services and resources from community agencies. The community partner chooses the program participants through a committee. The program allows the community to prioritize the needs that they see as the most urgent.

We were excited to open the Northern Pathways to Housing unit in Behchokǫ̀ in June 2019. Through engagement with the Tłı̨chǫ Government and the Community Government of Behchokǫ̀, the NWTHC has selected the Behchokǫ̀ Friendship Centre to deliver the program in Behchokǫ̀. The NWTHC has provided four apartment-style single room units to community members, along with funding support to pay for the additional costs associated with the operation of a supportive housing program. The program has housed five community members so far, and we look forward to the program's continued success.

Appendix A:
Management Discussion and Analysis
Fiscal Year 2019-2020

Managing Risk / Pressures

There are both external and internal pressures and risks that influence how the NWTHC delivers its housing programs and services. In response to these challenges, the NWTHC has employed various mitigation strategies to help manage these risks, to the extent possible.

CMHC Funding

Base funding for social housing operations from CMHC is scheduled to decline to zero by 2038-2039. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government.

On April 1, 2018, the NWTHC and CMHC entered into a bilateral funding agreement in support of the National Housing Strategy that will provide an additional eight years (2019-2020 – 2027-2028) of federal funding in the amount of $84.1 million. This funding will assist the NWTHC in responding to the territory's housing priorities, including helping to mitigate the continued decline in CMHC operational funding for social housing operations.

Another mitigation strategy that is now being implemented by the NWTHC is the expansion of the market rent program to accommodate RCMP Members stationed in various NWT communities. This major 45 housing unit initiative will not only increase the availability of affordable, adequate, and suitable market housing but will also contribute additional revenues to help offset CMHC's declining funding.

In the coming years, the NWTHC will continue to explore other cost avoidance and revenue generation measures to assist in mitigating these continued declines in CMHC operational funding.

Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2014 NWT Community Survey,* is 19.8%. To assist in addressing this situation, the NWTHC continues to support capital investments to replace and retrofit older and less energy-efficient housing units. In addition to existing housing stock investment, the NWTHC continues to deliver a wide range of housing programs for private homeowners. For example, the Transitional Rent Supplement Program is utilized to address market rental challenges of the working poor and the Securing Assistance for Emergencies (SAFE) repair program is delivering financial

assistance for low to moderate-income households to address their emergency home repairs.

Utility Costs

The NWTHC continues to invest in improving the overall quality and energy-efficiency of its owned housing assets. New construction for the replacement of aging, single detached Public Housing is now primarily multi-unit buildings, resulting in reduced utility costs. For the past number of years, the NWTHC ensured the energy efficiency standards for new construction met, or exceeded, EnerGuide for Housing (EGH) 80 design standards. The NWTHC also continues to invest in energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy. Effective January 1, 2019, Natural Resources Canada has updated the EnerGuide Rating System. The new Ener- Guide rating scale gives consumers a consumption-based rating measured in gigajoules per year (GJ/year). As was the case with the former EGH 80 design standard, the NWTHC will be ensuring its new unit construction satisfies this new EnerGuide Rating System.

Land Development

Land availability for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable building lots. As part of the annual capital planning process, the NWTHC continues to work closely with community governments, the GNWT's Department of Lands (DOL) and other private interests to secure land tenure for unit construction. The NWTHC's on-going unit demolition activities also assist in freeing up land for housing development.

Credit Risk

The NWTHC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges with collections resulting in accumulated arrears over several years. To assist in the collection process, the NWTHC has collections staff that focus on working with the LHOs and other parties involved in collection matters. The NWTHC's Territorial Housing System (THS) also supports the NWTHC in closely monitoring the status of tenant collections.

Since 2012, to assist in improving overall collection rates, the NWTHC has continued to offer mortgage clients an opportunity to restructure their mortgages to access reduced interest rate opportunities.

COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place. As part of the NWTHC's COVID-19 response, the NWTHC has created temporary housing for homeless persons to self-isolate and prevent the spread of COVID-19. On March 25, 2020 the NWTHC signed a six month lease agreement with the federal government for the lease of 36 vacant units in Yellowknife at no cost. In addition, to help mitigate the risk of virus spread, the NWTHC accelerated the repair of vacant housing units to help house families and individuals now on the public housing wait list and to reduce instances of overcrowding in NWT communities.

Furthermore, recognizing that some tenants and mortgage and loan clients may be impacted by COVID-19 and unable to pay their rental and loan payments the NWTHC offered tenants and mortgage and loan clients an ability to enter into affordable re-payment plans to have their rental and loan payments fully re-paid at a later date.

The duration and impact of COVID-19 is unknown at this time. 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 NWTHC in future periods.

Financial Results

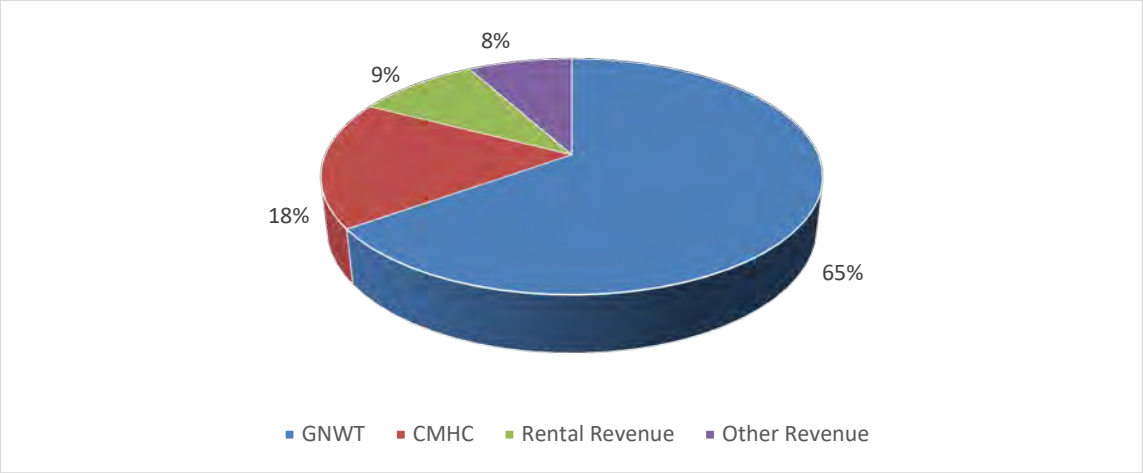
Revenues

The total revenues for the NWTHC in 2019/20 were $113.5 million, a decrease of $8.6 million from the previous year's total of $122.1 million.

Government funding from the GNWT, CMHC and other transfers decreased by $9.3 million, from $108.2 million to $98.9 million. This net decrease is due to $5.7 million reduction in other transfers revenue associated with units the Inuvialuit Regional Corporation (IRC) constructed for the NWTHC for the delivery of public housing, as well as a $3.9 million

reduction in GNWT funding primarily explained by 2018-19 being the final year the NWTHC received incremental funding towards the RCMP 45 housing unit initiative.

Revenue generated from operations amounted to $14.6 million in 2019/20, an increase of $0.8 million over the $13.8 million in revenue generated in 2018/19. This increase was primarily related to higher rental revenues associated with the delivery of addition market housing units in recent years.



Expenses

The NWTHC's total expenses for 2019/20 were $107.4 million, a $7.9 million increase over the 2018/19 year's expenses of $99.5 million. The cost of operating the Public Housing program this past year increased by approximately 0.9% which was relatively consistent with expenses in the prior year. The Public Housing program costs continue to be the largest component of the NWTHC's expenses, representing 57.7% of the annual expenses, including amortization.

Expenses for the HELP and market housing programs were $9.6 million in 2019/20 including amortization, a $2.5 million or 34.8% increase over the $7.1 million expended in 2018/19. This increase is primarily explained by a $1.1 million increase in amortization following a financial policy change to begin amortizing housing assets when completed as opposed to at the end of the fiscal year. In addition, there was a notable $0.3 million increase in fuel costs this past year as a result of a colder winter and fuel rate increases. Finally, there was a $0.4 million increase in maintenance costs associated with additional unit repairs required during the year.

Homeownership assistance grants were $7.5 million in 2019/20, an increase of $2.5 million or 49.3% over the previous year's amount of $5.0 million. This funding provides homeownership grants and contributions to support increased homeownership units, and improvements to existing homeownership units. This increase in 2019/20 is primarily explained by an increased investment of $1.7 million under the NWTHC's Community Housing Support Initiative program plus an additional $0.9 million grant in kind related to

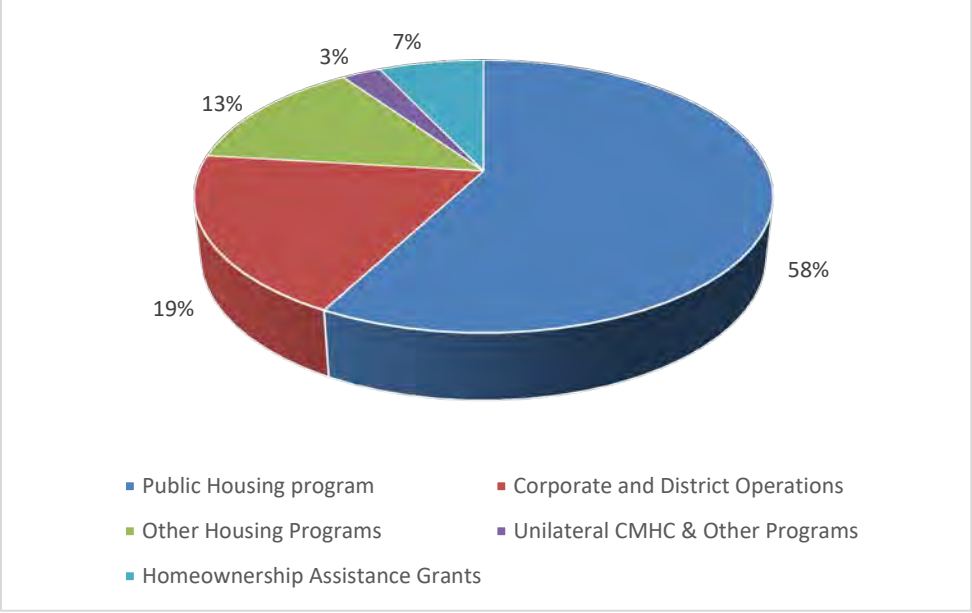
the transfer of six homeownership units to the K'atl'odeeche First Nation (KFN) to support the delivery of homeownership programming on the Reserve.

The Community Housing Support Initiative program supported a wide range of community housing projects this past year; such as: 16 additional single-room suites for the Yellowknife Women's Shelter, 2 new housing units for the Jean Marie River First Nation, a new housing unit for the Community of Whatì and the establishment of a new Men's Shelter in Fort Good Hope by the K'asho Got'ine Housing Society.

Homelessness assistance grants were $3.6 million in 2019/20, an increase of $2.3 million or 184% over previous year's amount of $1.3 million. The increase is primarily related to $2.2 million of new spending in the Emergency Shelters Program that was transferred to the NWTHC from the Department of Education, Culture and Employment (ECE) on April 1, 2019.

The NWTHC expensed $20.5 million on corporate and district operations in 2019/20, a decrease of $0.7 million or 2.9% from the $21.2 million expended in 2018/19. Costs include program development and delivery and technical and administrative support at the district office and headquarters. This decrease is primarily attributable to decreased compensation and benefits expenses associated with the transfer of the NWTHC in-house Information Systems and Information Technology staff to the Department of Finance's central Information Shared Services Centre effective April 1, 2019.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and NWTHC's own source revenues. During the year, revenues, including NWTHC generated revenues, exceeded expenses resulting in an annual surplus of $6.1 million. Annual surpluses support the NWTHC's capital investments and housing programming.



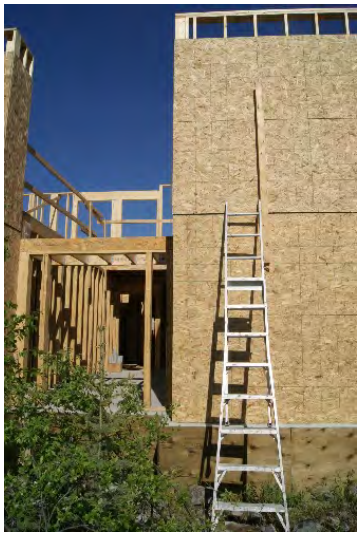
Financial Position

The NWTHC continued to maintain a sound financial position in 2019/20, with net financial assets of $74.4 million. This amount includes the net financial assets of both the NWTHC and the 23 consolidated Local Housing Organizations.

The NWTHC recognizes the importance of having its available net financial assets reinvested in a timely manner and has set out a reinvestment plan that will see these available resources utilized to address current contractual obligations as well as approved carryover capital projects and to complete the implementation of a wide range of previously approved priority housing projects and initiatives (designated assets).

The requirement for the NWTHC to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to the delivery of the NWTHC's $36.6 million of capital carryover projects in 2020 as per Note 17 to the 2019/20 Consolidated Financial Statements and to mitigate financial risk associated with the $8.2 million third party loans (Note 18 to the 2019/20 Consolidated Financial Statements) that the NWTHC administers on behalf of the CMHC. The NWTHC indemnifies and holds harmless the CMHC from all losses, costs, and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The NWTHC has also provided loan guarantees to private sector companies and households in support of new construction or improvements in residential housing across the north. The total outstanding balance of loans guaranteed was $0.4 million, as at March 31, 2020.

The cash and cash equivalents balance of $45.3 million ($47.8 million at March 31, 2019) represents the March 31, 2020 bank balance and short-term investments categorized as cash equivalents for 23 LHOs and the NWTHC. The NWTHC invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2020, $43.4 million ($43.1 million at March 31, 2019) was invested in portfolio investments with a weighted average rate of return of 2.18%.



As of March 31, 2020, $45.2 million of these cash reserves and portfolio investments have been designated ($39.6 million in 2018/19) by the Minister responsible for the Corporation to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs.

Since 2012, the NWTHC has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment

obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance decreased from $3.5 million as at March 31, 2019, to $3.1 million as at March 31, 2020 as the principal balances continue to be paid.

Investment in Housing

As at March 31, 2020, the NWTHC had $319.5 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rental, and market rental units. During the year, the NWTHC acquired $22.9 million in tangible capital assets, including a $5.1 million transfer received from the Inuvialuit Regional Corporation (IRC) representing the value of the housing units constructed by the IRC on behalf of the NWTHC during 2019-20.

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenues					
GNWT	85.8	81.6	74.9	77.8	73.9
CMHC	17.3	28.7	25.1	19.5	19.9
Other	12.6	12.2	17.6	25.0	19.7
Total Revenues	**115.7**	**122.5**	**117.9**	**122.1**	**113.5**
Expenses					
Public Housing Programs	54.0	53.2	50.8	50.0	51.4
Other Housing Programs	7.7	8.3	9.9	9.3	13.1
Homeownership Assistance Programs	2.9	2.5	2.7	5.0	7.5
Impairment/Disposal Loss on TCAs	0.6	-	0.5	0.7	0.5
Amortization [1]	12.8	12.6	13	14.3	14.5
Administrative, Program, and Technical Services	19.8	18.5	20.5	20.2	20.4
Total Expenses	**97.8**	**95.1**	**97.4**	**99.5**	**107.4**
Annual Surplus (Deficit)	17.9	27.4	20.5	22.6	6.1

[1] Amortization reported separately

Appendix B:
Independent Auditor's Report and Consolidated Financial Statements

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 subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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.

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

Edmonton, Canada
27 August 2020

Northwest Territories Housing Corporation

Consolidated Financial Statements

March 31, 2020

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

Tom R. Williams
President and CEO

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

Yellowknife, Northwest Territories
August 27, 2020

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position
As at March 31, 2020
(in thousands)

	2020	2019
Financial assets		
Cash and cash equivalents (Note 3)	$ 45,274	$ 47,837
Portfolio investments (Note 5)	43,394	43,081
Accounts receivable (Note 6)	11,897	10,359
Mortgages and loans receivable (Note 7)	3,075	3,497
	103,640	104,774
Liabilities		
Accounts payable and accrued liabilities (Note 8)	19,659	20,269
Deferred revenue	409	404
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 9)	5,858	6,455
Environmental liabilities (Note 10)	558	513
Retirement, post-employment, and other leave benefits (Note 11)	2,766	2,740
	29,250	30,381
Net financial assets	74,390	74,393
Non-financial assets		
Tangible capital assets (Schedule A)	319,498	313,227
Inventories held for use	2,568	2,671
Prepaid expenses	70	86
	322,136	315,984
Accumulated surplus	$ 396,526	$ 390,377

Contractual rights, obligations and contingencies (Notes 16, 17 and 18)

Approved by:

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

Tom R. Williams
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, 2020
(in thousands)

	2020 Budget	2020 Actual	2019 Actual
Net financial assets, beginning of the year	$ 74,393	$ 74,393	$ 71,848
Items affecting net financial assets:			
Annual (deficit) surplus	(4,742)	6,149	22,618
Acquisition of tangible capital assets	(18,206)	(21,937)	(35,511)
Amortization	15,632	14,528	14,265
Proceeds from disposal of tangible capital assets	-	97	256
Loss from disposal of tangible capital assets	-	492	704
Write-down of tangible capital assets	-	-	29
Grants in kind	-	549	-
Acquisition of inventories held for use	-	(1,090)	(1,350)
Consumption of inventories held for use	-	1,193	1,336
Acquisition of prepaid expenses	-	(59)	(79)
Consumption of prepaid expenses	-	75	277
(Decrease)/Increase in net financial assets	(7,316)	(3)	2,545
Net financial assets, end of the year	$ 67,077	$ 74,390	$ 74,393

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, 2020
(in thousands)

	2020 Budget	2020 Actual	2019 Actual
Revenues			
Government funding:			
Government of the Northwest Territories	$ 70,363	$ 73,889	$ 77,786
Canada Mortgage and Housing Corporation (CMHC) (Note 12)	17,408	19,854	19,526
Other Transfers (Note 21)	-	5,191	10,935
	87,771	98,934	108,247
Generated revenues:			
Rental revenue	9,688	10,673	10,048
Recoveries from mortgages and loans (Note 7)	475	508	921
Income from portfolio investments	691	1,666	1,570
Gain on disposal of tangible capital assets	-	-	62
Other revenue and recoveries	419	1,594	1,114
Interest revenue on mortgages and loans	120	111	114
	11,393	14,552	13,829
	99,164	113,486	122,076
Expenses (Note 19)			
Public housing program (Note 13)	66,258	62,073	61,433
Unilateral CMHC programs and other programs	2,465	2,807	2,516
HELP and market housing (Note 14)	6,720	9,565	7,098
Non-residential building operations	302	1,054	695
Rent subsidy program	600	260	247
Homelessness fund program	2,991	3,601	1,268
Homeownership assistance grants	7,347	7,511	5,030
Corporate and district operations (Note 15)	17,223	20,466	21,171
	103,906	107,337	99,458
Annual (deficit) surplus	$ (4,742)	$ 6,149	$ 22,618
Accumulated surplus, beginning of year	390,377	390,377	367,759
Accumulated surplus, end of year	$ 385,635	$ 396,526	$ 390,377

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, 2020
(in thousands)

	2020	2019
Operating transactions		
Annual surplus	$ 6,149	$ 22,618
Items not affecting cash:		
Amortization	14,528	14,265
Other transfers	(5,146)	(10,935)
Write-down of tangible capital assets	-	29
Loss from disposal of tangible capital assets	492	704
Grant in kind	549	-
Non-cash portfolio investment income	60	50
Non-cash mortgage funding	(171)	(105)
Change in valuation allowance for doubtful accounts	22	(118)
Change in valuation allowance for mortgages and loans receivable	(100)	(563)
	10,234	3,327
Change in non-cash assets and liabilities:		
Change in accounts receivable	(1,538)	3,072
Change in inventories held for use	103	(14)
Change in prepaid expenses	16	198
Change in accounts payable and accrued liabilities	(1,619)	(775)
Change in deferred revenue	5	44
Change in environmental liabilities	45	52
Change in retirement, post-employment, and other leave benefits	26	(157)
	(2,962)	2,420
Cash provided by operating transactions	13,421	28,365
Capital transactions		
Acquisition of tangible capital assets	(15,629)	(23,455)
Proceeds from disposal of tangible capital assets	97	256
Cash used for capital transactions	(15,532)	(23,199)
Financing transactions		
Repayment of loans payable to CMHC	(597)	(1,801)
Cash used for financing transactions	(597)	(1,801)

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, 2020
(in thousands)

	2020	2019
Investing transactions		
Acquisition of portfolio investments	(277)	(206)
Repayments of mortgages and loans receivable	422	782
Cash provided by investing transactions	145	576
Increase (decrease) in cash and cash equivalents	(2,563)	3,941
Cash and cash equivalents at beginning of the year	47,837	43,896
Cash and cash equivalents at end of the year	$ 45,274	$ 47,837

Total interest paid during the year was $398 (2019 - $488).
Total interest received during the year was $1,423 (2019 - $1,343).
Interest received includes interest revenue on mortgages and loans and interest revenue included in income from portfolio investments.

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, 2020
(in thousands)

1. PURPOSE OF THE ORGANIZATION

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.

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.

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:

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 amortization of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting entity (continued)

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 statements.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs

a) 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.

b) 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.

c) 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 7).

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

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable (continued)

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 these 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.

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)

Tangible capital assets

a) 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.

b) 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	

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.

Employee future benefits

a) 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)

b) 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.

c) 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.

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)

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.

a) 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.

b) Other related party transactions

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

c) 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.

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.

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 financial statements.

3. DESIGNATED ASSETS

As of March 31, 2020, the Minister responsible for the Corporation has designated cash and portfolio investments of $45,229 (2019 - $39,591) to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs:

Public Housing $6,768 (2019 - $2,060)

To accelerate vacant housing unit repairs in 2021 to reduce public housing waitlists and overcrowding situations in communities, mitigating the risk of COVID-19 virus spread. Support additional investment in fuel tank replacements for the Corporation's housing stock between 2021 to 2024. Fund additional public housing modernization and improvement projects in 2022 and support the delivery of biomass projects in Yellowknife and Aklavik over the next two years.

HELP and Market Housing $23,766 (2019 - $26,531)

Pursuant to the Memorandum of Agreement between the Corporation and the Royal Canadian Mounted Police, the Corporation plans to provide 45 housing units for lease by 2022.

Homelessness $3,840 (2019 - $3,330)

To deliver additional homelessness support services and safety supplies to assist with the government's COVID-19 response in 2021. Complete the development of community housing plans over the next three years, extend the rapid rehousing program in 2021 and to resource three new initiative positions for the next four years (Housing Stability Worker, Homelessness Program Officer and Community Housing Planner).

Homeownership $10,855 (2019 - $7,670)

To fund the rent supplement program for 2021 and cost share the National Canada Housing Benefit program for the next four years. To provide additional funding to the Community Housing Support Initiative program for the years 2022 to 2024 and a contribution in 2023 to Habitat for Humanity NWT. Support the construction of two new multi-generational homes for the New Home Program over the next two years. To renovate up to 60 existing public housing units over the next three years for the sale of public housing (lease to own) program and to complete up to 50 lot surveys within the next three years to convert equity leases to fee simple title.

4. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of $2,788 (2019 - $2,713) which are also included in accounts payable and accrued liabilities (Note 8).

	2020	2019
Cash	$ 26,745	$ 20,525
Short-term investments	18,529	27,312
	$ 45,274	$ 47,837

5. PORTFOLIO INVESTMENTS

Issuer	2020 Stated interest rate	2020 Remaining term	2020 Carrying amount	2019 Carrying amount
Banker's acceptances, fixed rate	1% to 2%	< 1 year	$ 13,707	$ -
Banker's acceptances, fixed rate	1% to 1.25%	1 to 2 years	473	11,526
Banker's acceptances, fixed rate	2.10% to 2.25%	2 years	14,484	16,885
Banker's acceptances, fixed rate	1.20% to 2.85%	6 years	12,350	12,350
Provincial government bonds, fixed rate	2.30%	< 1 year	991	968
Ontario Hydro Zero Coupon Bonds, fixed rate	2.70%	3 years	1,389	1,352
			$ 43,394	$ 43,081

The weighted average effective yield of this portfolio was 2.18% (2019 – 2.18%). Investments in bankers' acceptances are investments with terms to maturities of greater than 90 days. Fair value of investments was $43,218 (2019 – $42,622).

6. ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts receivable	$ 4,900	$ 4,350
Tenant rents receivable	12,277	11,819
	17,177	16,169
Less allowance for doubtful accounts	(11,872)	(11,548)
	5,305	4,621
Receivables from CMHC	6,283	5,657
Receivables from related parties:		
Government of the Northwest Territories	309	81
	$ 11,897	$ 10,359

Of the allowance for doubtful accounts balance disclosed above, $950 (2019 - $980) relates to trade accounts receivable and $10,922 (2019 - $10,568) relates to tenant rents receivable.

7. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable

	2020	2019
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with an original term of 10 years	$ 365	$ 409
Mortgages based on Income Assessment before valuation allowance of $119 (2019 - $316), 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	137	336
Loans based on Income Assessment before valuation allowance of $2,926 (2019 - $3,362), 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	3,180	3,480
Restructured mortgages before valuation allowance of $874 (2019 - $738), 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	1,158	1,071
Restructured loans before valuation allowance of $5,619 (2019 - $5,573), repayable in monthly installments at interest rates varying between 0.00% and 7.20%, unsecured, with a term over a maximum of 25 years	7,773	8,190
Mortgages and loans receivable	12,613	13,486
Less allowance for impaired mortgages and loans receivable	(9,538)	(9,989)
	$ 3,075	$ 3,497

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is $674 (2019 - $571). There were no write-offs in the current year (2019 - none).

Net recoveries on mortgages, loans receivable, and conditional grants

	2020	2019
Recoveries on impaired mortgages and loans	$ 464	$ 491
Adjustment to allowance for impaired mortgages and loans	(172)	236
Recoveries from conditional grants (Note 2)	216	194
	$ 508	$ 921

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables	$ 8,535	$ 8,322
Contractor holdbacks	2,063	2,281
Tender and security deposits	401	445
Wages and employee benefits	1,984	1,965
Accrued interest	89	110
Damage deposits	2,387	2,268
Payables to related parties:		
Government of the Northwest Territories	4,200	4,878
	$ 19,659	$ 20,269

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

	2020			2019
	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 2021 to 2038, at interest rates from 5.94% to 19.00% (2019 - 5.94% to 19.00%).	$ 20,884	$ (20,884)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2019 - 6.97%). These loans are guaranteed by the Government.	11,008	(6,115)	4,893	5,359
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 1.05% to 3.13%, (2019 - 1.05% to 3.13%).	965	-	965	1,096
	$ 32,857	$ (26,999)	$ 5,858	$ 6,455

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 *National Housing Act* (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.

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

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 $3,183 (2019 - $3,313) and would have made additional principal long-term debt repayments to CMHC of $1,406 (2019 - $1,363).

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
2021	$ 585	$ 370	$ 955
2022	620	335	955
2023	658	297	955
2024	698	257	955
2025	713	214	927
2026-2030	2,319	472	2,791
2031-2038	265	32	297
	$ 5,858	$ 1,977	$ 7,835

10. ENVIRONMENTAL LIABILITIES

The Corporation has identified nine fuel spills sites and no other contaminated site (2019 - eight fuel spills sites and no other contaminated site) for which an environmental liability has been recorded. One site was fully remediated during the year and two new sites identified. 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 (2019 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. 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 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 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 $1,233 (2019 - $1,333) to the Public Service Pension Plan. The employees' contributions to this plan were $1,134 (2019 - $1,207). 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.

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

Other employee future benefits and compensated absences

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

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

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

Valuation results

The most recent actuarial valuation was completed as at March 31, 2020. 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.

Changes in Obligation	**2020**	**2019**
Accrued benefit obligation, beginning of year	$ 2,907	$ 2,421
Current period benefit cost	400	443
Accrued interest	45	41
Benefits payments	(425)	(578)
Actuarial (gains)/loss	(418)	580
Accrued benefit obligation, end of year	2,509	2,907
Unamortized net actuarial (gain)/loss	257	(167)
Retirement, post-employment, and other leave benefits*	$ 2,766	$ 2,740

*Total retirement, post-employment, and other leave benefits includes $2,539 (2019 – $2,460) related to severance and removal and $227 (2019 – $279) related to compensated absences.

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

Benefits Expense	2020	2019
Current period benefit cost	$ 400	$ 443
Accrued interest	45	41
Actuarial losses (gains)	6	(63)
	$ 451	$ 421

The discount rate used to determine the accrued benefit obligation is an average of 2.70% (2019 - 3.20%). The assumed rate of compensation increase is 2% (2019 – 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2019 – 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% (2019 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were $420 and $420 (2019 - $416 and $416 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, 2019, the plan had a surplus of $42,537 (December 31, 2018 - $15,124).

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2020	2019
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement (Note 16):		
Contributions for public housing rental subsidies	$ 8,840	$ 8,936
Contributions to non-profit housing sponsor groups and cooperatives	3,722	3,892
Repairs, maintenance and other costs	1,223	1,258
Investment in Affordable Housing Agreement	-	1,840
Northern funding agreement	-	3,600
Bilateral Agreement (Note 16)	6,069	-
	$ 19,854	$ 19,526

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

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 December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This $11,627 three year agreement amalgamated two existing agreements between the Corporation and CMHC: the Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement was utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for $18,400. Both parties to the Agreement provided a total of $14,720 over the eight year period from 2011/2012 to 2018/2019.

On April 1, 2018 the Corporation and CMHC signed the 2018/19 Northern Funding Agreement under the Investment in Affordable Housing Agreement. This $3,600 one year agreement provided bridge funding for social housing until the new Northern Housing Strategy Agreement was fully implemented.

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.

13. PUBLIC HOUSING

	2020	2019
Utilities, taxes, land and rental housing leases	$ 29,852	$ 28,953
Repairs, maintenance and other costs	7,528	6,713
Compensation and benefits	11,978	11,430
Administration	993	1,063
Contribution for public housing	649	826
Interest on long-term debt	372	406
Amortization	10,392	11,440
Loss from disposal of tangible capital assets	309	573
Write-down of tangible capital assets	-	29
	$ 62,073	$ 61,433

14. HELP AND MARKET HOUSING

	2020	2019
Utilities, taxes, land and rental housing leases	$ 1,914	$ 1,212
Repairs, maintenance and other costs	1,084	770
Compensation and benefits	2,643	2,611
Contribution for affordable housing	226	-
Amortization	3,472	2,374
Loss from disposal of tangible capital assets	226	131
	$ 9,565	$ 7,098

15. CORPORATE AND DISTRICT OPERATIONS

	2020	2019
Compensation and benefits	$ 14,539	$ 15,422
Building and equipment rentals	2,444	2,433
Professional and special services	1,598	1,283
Training and workshops, travel and other support	1,066	1,104
Computer services	87	96
Material and supplies	317	369
Communications	300	246
Amortization	115	218
	$ 20,466	$ 21,171

16. CONTRACTUAL RIGHTS

	Expiry Date	2021	2022	2023	2024	2025	2026+	Total
CMHC SHA	2039	$ 13,391	$ 12,814	$ 11,868	$ 11,068	$ 9,659	$ 42,258	$101,058
CMHC Bilateral	2028	6,195	7,014	8,016	8,450	10,090	38,278	78,043
		$ 19,586	$ 19,828	$ 19,884	$ 19,518	$ 19,749	$ 80,536	$179,101

In addition to the contractual rights disclosed in the table above, on June 24, 2019 the Corporation and RCMP entered into a framework agreement that the Corporation shall construct and lease to the RCMP 45 housing units. Under the framework agreement, 20 year individual leases will be signed upon delivery of the units, at which a contractual right will be recognized. Due to the COVID-19 outbreak (Note 23), the timing of construction completion is difficult to estimate.

17. 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.

	Expiry Date	2021	2022	2023	2024	2025	2026+	Total
Lease	2029	$ 3,723	$ 3,439	$ 3,246	$ 2,604	$ 1,311	$ 1,193	$ 15,516
Capital obligation	2021	7,174	-	-	-	-	-	7,174
		$ 10,897	$ 3,439	$ 3,246	$ 2,604	$ 1,311	$ 1,193	$ 22,690

In addition to the contractual obligation disclosed in the table above, the Minister has approved $36,593 in capital carryovers expected to be expended in 2021 for capital projects. Of the capital carryovers approved, $7,174 are recognized contractual obligations as they have signed contracts. The remaining $29,419 do not yet have signed contracts and, therefore, do not meet the definition of a contractual obligation.

18. 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, 2020 a total of 9 (2019 - 13) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $380 (2019 - $555). In 2020, one of these loans was a corporate loan guarantee with a total outstanding balance of $12 (2019 - $30). 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, 2020 was $8,203 (2019 - $12,389), including $367 (2019 - $446) to a related party Hay River Community Health Board. 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, 2020 is nil (2019 - nil).

19. EXPENSES BY OBJECT

	2020	2019
Amortization (schedule A)	$ 14,528	$ 14,265
Compensation and benefits	29,203	29,568
Computer costs	91	103
Contract services	6,006	5,563
Controllable assets	95	73
Fees and payments	260	225
Grants and contributions	14,944	9,589
Housing operations and maintenance	36,591	34,438
Interest on long-term debt	398	463
Loss from disposal of tangible capital assets	535	704
Materials and supplies	2,479	2,523
Other expenses	624	729
Purchased services	792	657
Travel	868	884
Valuation allowances	(77)	(355)
Write-down of tangible capital assets	-	29
	$ 107,337	$ 99,458

20. 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:

20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by 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	$ 19,659	$ -	$ -	$ 19,659
Loans payable to CMHC	585	2,689	2,584	5,858
Total financial liabilities	$ 20,244	$ 2,689	$ 2,584	$ 25,517

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 is $61,923 (2019 - $70,393).

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 $11,897 (2019 - $10,359).

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 $3,075 (2019 - $3,497).

As at March 31, 2020, $953 (2019 - $1,059) 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.

20. FINANCIAL RISK MANAGEMENT (continued)

As at March 31, 2020, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days
Tenants rent receivable	$ 242	$ 238	$ 8	$ 516
Trade accounts receivable	59	54	22	449
Mortgages and loans receivable	157	9	244	265

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Because the Corporation accounts for its fixed rate instruments at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these fixed rate instruments.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

						Carrying Value	
Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2020	2019
Portfolio Investments	$ 14,698	$ 473	$ 15,873	$ 12,350	$ -	$ 43,394	$ 43,081

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.

21. 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 transfered to the Corporation five public housing units (2019 - four units) with two units still under construction (2019 - seven units).

22. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in these financial statements, some employees of the Corporation are paid by the Government. The Corporation reimburses the Government for these costs which are incurred on the Corporation's behalf. Reimbursements are measured at the exchange amount and are included in compensation and benefits expenses. During the year, the Corporation reimbursed the Government for $14,539 (2019 - $15,422).

23. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place. As part of the Corporation's COVID-19 response, the Corporation has created temporary housing for homeless persons to self-isolate in an effort to reduce the spread of COVID-19. In addition, to help mitigate the risk of virus spread, the Corporation has accelerated the repair of vacant housing units to help house families and individuals now on the public housing wait list and to also reduce instances of overcrowding in NWT communities.

Furthermore, recognizing that some tenants and mortgage and loan clients may be impacted by COVID-19 and unable to pay their rental and loan payments the Corporation has offered tenants and mortgage and loan clients an ability to enter into affordable re-payment plans to have their rental and loan payments fully re-paid at a later date. Due to the timing of these announcements, which occured late in 2019-2020 fiscal year, it had no impact on the current year.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact on the operations, financial results and condition of the Corporation in future periods.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. Prior year homeownership contribution was included in Housing operations and maintenance in expense by object (Note 19), which was reclassified into grants and contributions in current year to better reflect nature of expenses.

25. BUDGETED FIGURES

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Schedule of Tangible Capital Assets
As at March 31, 2020
(in thousands)

Schedule A

Lands and Buildings:	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance	Acquisitions	Write-downs and Transfers[1]	Disposals[3]	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2020	2019
Land	$ 8,977	$ -	$ 372	$ -	$ 9,349	$ -	$ -	$ -	$ -	$ 9,349	$ 8,977
Public Housing[2]	351,304	51	38,062	(936)	388,481	167,232	10,101	(653)	176,680	211,801	184,072
HELP and market housing	96,108	-	4,061	(1,370)	98,799	29,306	3,472	(515)	32,263	66,536	66,802
Non-residential properties	8,246	-	-	-	8,246	3,783	223	-	4,006	4,240	4,463
Work in Progress[2]	41,103	21,482	(43,236)	-	19,349	-	-	-	-	19,349	41,103
Sub-total	505,738	21,533	(741)	(2,306)	524,224	200,321	13,796	(1,168)	212,949	311,275	305,417
Property and equipment:											
Warehouses and offices	12,408	-	482	-	12,890	6,133	326	-	6,459	6,431	6,275
Mobile equipment	2,990	404	-	-	3,394	2,062	226	-	2,288	1,106	928
Leasehold improvements	771	-	259	-	1,030	748	30	-	778	252	23
Office furniture and equipment	6,073	-	-	-	6,073	5,537	139	-	5,676	397	536
Software	114	-	-	-	114	66	11	-	77	37	48
Sub-total	22,356	404	741	-	23,501	14,546	732	-	15,278	8,223	7,810
Total	$ 528,094	$ 21,937	$ -	$ (2,306)	$547,725	$ 214,867	$ 14,528	$ (1,168)	$ 228,227	$ 319,498	$ 313,227

(1) There was nil write-down in the current year (2019 - $29).
(2) Includes tangible capital assets transfers received from IRC with a value of $16,147 (2019 - $7,325) in Public Housing and $4,258 (2019 – $7,934) in Work in Progress.
(3) Six buildings with total NBV $543 were transfered to K'atl'odeeche First Nation through grant in kind.
(4) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of $1,133 (2019 - $1,034)

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2020

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2020

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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, 2020, 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, 2020 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

Auditors's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Yellowknife, Northwest Territories
June 26, 2020

Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2020	2019
Revenue		
Legislative Assembly of the Northwest Territories		
- Operating grant	$ 180,000	$ 180,000
- Expense reimbursement (Note 5)	(39,752)	(28,951)
	140,248	151,049
Expenses		
Accounting	7,373	7,615
Advertising and promotion	20,702	23,921
Benefits and pension	1,659	1,803
Catering	1,419	1,159
Contracts - administration	530	9,800
Contributions and donations	-	4,400
Events	9,444	9,856
Honorarium - commission chair	21,848	21,518
Honorarium - commission members	32,641	39,006
Legal expenses	23,054	967
Membership fees	2,200	4,088
Office and administration	8,126	5,197
Professional development	5,615	-
Telephone	156	106
Travel - commission members	-	279
Travel - staff	1,210	-
	135,977	129,715
Excess revenue	**$ 4,271**	$ 21,334

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2020		2019
	General Fund	Total	Total
Balance, beginning of year	$ 175,501	**$ 175,501**	$ 154,167
Excess revenue	4,271	**4,271**	21,334
Balance, end of year	$ 179,772	**$ 179,772**	$ 175,501

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31,	2020	2019
Assets		
Current		
Cash	$ 181,459	$ 176,591
Due from GNWT - Legislative Assembly (Note 5)	2,748	3,049
Prepaid expenses	2,600	2,949
	$ 186,807	$ 182,589
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 7,035	$ 7,088
Net Assets		
General Fund	179,772	175,501
	$ 186,807	$ 182,589

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,	2020	2019
Cash provided by (used in)		
Operating activities		
Excess revenue	$ 4,271	$ 21,334
Change in non-cash operating working capital		
Due from the Legislative Assembly of the Northwest Territories	301	5,945
Prepaid expenses	349	939
Accounts payable and accrued liabilities	(53)	199
Change in cash	**4,868**	28,417
Cash, opening	**176,591**	148,174
Cash, closing	**$ 181,459**	$ 176,591

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. 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 using the effective interest rate method, less any impairments losses on financial assets.

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

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

(b) Fund accounting

Revenue and expenses for general operating activities are reported in the General Fund.

(c) 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.

2. Accounting Policies (continued)

(d) 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.

(e) Contributed services

These financial statements only report the funding and expenditures relating to the contribution funding from the Legislative Assembly of the Northwest Territories. The Legislative Assembly makes expenditures on behalf of the Commission and the expenditures 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.

3. Future Accounting Changes

(a) Asset Retirement Obligations, Section PS 3280

This standard is replacing existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability and will establish 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. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

(b) 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.

4. Transfer of Assets

The equipment that was previously held and recorded in the Commission has been transferred to the GNWT during the 2013 fiscal year. This has been done to enable the GNWT to consolidate their tangible capital assets for reporting purposes.

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, $42,500 of the $180,000 funding was given to the Legislative Assembly of the Northwest Territories for travel. The GNWT spent $39,752 on behalf of the Commission and $2,748 is shown as a receivable.

5784 - Travel Commission Chair
5785 - Travel Commission Member
5786 - Travel Staff Member
5892 - Registration - Commission Member
5893 - Registration - Commission Chair
Misc - Miscellaneous

	Account 5784	Account 5785	Account 5786	Account 5892	Account 5893	Account Misc	TOTAL 2020	TOTAL 2019
Administration	$ -	$ -	$ -	$ -	$ -	$ 6,002	**$ 6,002**	$ 8,106
HR Meetings	1,554	5,442	3,183	-	-	206	**10,385**	4,089
CASHRA	5,816	5,902	-	1,100	550	-	**13,368**	12,841
Community Visits	-	-	1,885	-	-	-	**1,885**	1,882
Community Events	50	3,485	929	-	-	3,560	**8,024**	2,033
Materials	-	-	-	-	-	88	**88**	-
Total	**$ 7,420**	**$ 14,829**	**$ 5,997**	**$ 1,100**	**$ 550**	**$ 9,856**	**$ 39,752**	$ 28,951

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 $181,459 (2019 - $176,591) 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 $184,207 (2019 - $179,640)

6. Financial Instruments (Continued)

(b) Concentration of credit risk

The Commission does have concentration of credit risk. At March 31, 2020, receivables from one government agency comprised $2,748 (2019 - $3,049) 100% of the total outstanding accounts receivables. The Commission reduces this risk by monitoring overdue balances.

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.

8. COVID-19

Prior to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health authority declared a global pandemic. 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. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Commission and its operations in future periods.

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020

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.

Noel Voykin
Chief Executive Officer

Belinda Whitford
Chief Financial Officer

Hay River, NT
October 23, 2020

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 2020, 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 2020, 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 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.

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.

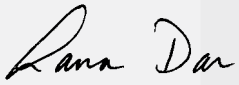
In our opinion, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories 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
23 October 2020

NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2020	2019
Financial assets		
Cash	$ 2,003	$ 2,147
Revenues receivable (Note 3)	14,077	12,802
Government contributions receivable (Note 17)	3,965	75
Loan receivable (Note 4)	11,076	12,290
Investment in Aadrii Ltd.	479	453
	31,600	**27,767**
Liabilities		
Operating line of credit (Note 5)	20,959	9,041
Accounts payable and accrued liabilities	28,551	24,551
Debenture debt (Note 6)	207,984	212,303
Asset retirement obligations (Note 7)	8,878	8,456
Environmental liabilities (Note 8)	16,521	13,465
Capital lease obligations (Note 4)	16,768	17,221
Other employee future benefits (Note 9)	2,937	3,102
Deferred government contributions (Note 17)	3,741	3,011
	306,339	**291,150**
Net debt	**(274,739)**	**(263,383)**
Non-financial assets		
Tangible capital assets (Note 10)	408,098	379,272
Inventories (Note 11)	9,127	9,316
Prepaid expenses	1,328	1,390
	418,553	**389,978**
Accumulated surplus / equity (Note 12)	**$ 143,814**	**$ 126,595**

Contractual obligations (Note 19)

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

Approved on behalf of the Board:

Sylvia Haener, 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)

	2020 Budget	2020 Actual	2019 Actual
Revenues			
Sale of power (Note 13)	$ 111,345	$ 109,806	$ 110,391
Insurance proceeds (Note 17)	5,800	5,000	-
Fuel rider revenue	2,093	1,906	-
Other revenue and customer contributions (Note 14)	1,914	1,791	2,098
Interest income (Note 16)	1,202	1,213	1,342
Income from investment in Aadrii Ltd.	75	76	50
	122,429	**119,792**	**113,881**
Expenses (Note 15)			
Thermal generation	62,989	67,362	68,995
Hydro generation	21,577	19,486	18,882
Corporate services	14,053	15,152	15,594
Transmission, distribution and retail	11,101	10,849	11,312
Purchased power	3,092	3,229	1,451
Alternative power generation	226	240	236
	113,038	**116,318**	**116,470**
Surplus (Deficit) for the year before government contributions	**9,391**	**3,474**	**(2,589)**
Government contributions			
Other government contributions (Note 17)	31,757	13,745	4,695
	31,757	**13,745**	**4,695**
Surplus for the year	**$ 41,148**	**$ 17,219**	**$ 2,106**
Accumulated surplus / equity, beginning of year	126,595	126,595	124,489
Accumulated surplus / equity, end of year	**$ 167,743**	**$ 143,814**	**$ 126,595**

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)

	2020 Budget	2020 Actual	2019 Actual
Surplus for the year	$ 41,148	$ 17,219	$ 2,106
Tangible capital assets			
Additions	(85,393)	(44,224)	(32,739)
Capitalized overhead	(3,717)	(3,205)	(5,402)
Capitalized interest (Note 16)	(1,260)	(1,015)	(701)
Disposals	8,910	1,942	239
Amortization (Note 10)	17,947	17,676	18,176
	(63,513)	**(28,826)**	**(20,427)**
Additions of inventories	(7,164)	(5,259)	(8,191)
Use of inventories	7,386	5,447	7,334
Additions to prepaids	(2,300)	(2,238)	(1,732)
Use of prepaids	2,400	2,301	1,673
	322	**251**	**(916)**
Increase in net debt for the year	**$ (22,043)**	**$ (11,356)**	**$ (19,237)**
Net debt, beginning of year	**(263,383)**	**(263,383)**	**(244,146)**
Net debt, end of year	**$ (285,426)**	**$ (274,739)**	**$ (263,383)**

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)

	2020	2019
Cash provided by operating activities		
Cash receipts from customers	$ 112,101	$ 112,378
Insurance proceeds (Note 17)	5,000	-
Government contributions received (Note 17)	10,586	7,978
Cash paid to suppliers	(47,440)	(55,434)
Cash paid to employees	(31,949)	(26,222)
Interest paid	(10,272)	(11,927)
Interest received	86	89
	38,112	**26,862**
Cash provided by investing activities		
Loan receivable receipts (Note 4)	343	290
Distribution from Aadrii Ltd.	50	-
Sinking fund installments (Note 6)	-	(45)
Sinking fund investment redemptions (Note 6)	-	6,323
	393	**6,568**
Cash used in capital activities		
Acquisition and development of tangible capital assets	(46,182)	(35,241)
Proceeds on sale of tangible capital assets	26	21
	(46,156)	**(35,220)**
Cash provided by (used in) financing activities		
Repayment of capital lease obligation (Note 4)	(48)	(45)
Repayment of debenture debt	(4,363)	(14,136)
Net proceeds from operating line of credit	11,918	9,041
	7,507	**(5,140)**
Decrease in cash	**$ (144)**	**$ (6,930)**
Cash, beginning of year	2,147	9,077
Cash, end of year	**$ 2,003**	**$ 2,147**

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.

On May 28, 2018 in Decision 8-2018, the PUB approved final rates for 2018-19 effective June 1, 2018. The PUB approved a GRA Adjustment Rider on July 10, 2018 to recover the revenue shortfall that occurred in April and May 2018 before approval of final 2018-19 rates. The rider collected a revenue shortfall of $357 from August 2018 to March 2019. On March 7, 2019 NTPC notified the PUB it would be turning off the rider on March 31, 2019.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in write-downs to net realizable value.

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, 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 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 revenue 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 2019-20 was 4.97% (2018-19 – 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. 2019-20 Rates remain unchanged since 2016-17.

Annual amortization rates are as follows:

	2019-20 Rates (%)	2018-19 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

Environmental liabilities are the result of contaminated sites, defined as a site where as 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. 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 future 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, 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

At March 31, 2019, the aging of revenues receivable was as follows:

	2019			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 11,521	$ 741	$ 241	$ 12,503
Non-utility	137	73	345	555
Allowance for doubtful accounts	-	-	(256)	(256)
	$ 11,658	$ 814	$ 330	$ 12,802

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

	2020	2019
Balance, beginning of the year	$ (256)	$ (272)
Receivables written off	139	87
Change to allowance	(365)	(71)
Balance, end of the year	$ (482)	$ (256)

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, 2020, NT Hydro provided an allowance for doubtful accounts for some of 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 $1,214 (2018-19 - $1,103) and interest income of $1,127 (2018-19 - $1,238) were offset by capital lease principal payments of $405 (2018-19 - $405) and interest expense of $1,593 (2018-19 - $1,646). As a result, the net cash receipt of $343 (2018-19 - $290) 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 an imputed interest rate of 9.6% until 2061. 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.

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.

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:

	Snare Cascades	Colville Lake Office	Total
2021	$ 1,944	$ 8	$ 1,952
2022	1,886		1,886
2023	1,827	-	1,827
2024	1,764	-	1,764
2025	1,698	-	1,698
Thereafter	37,769	-	37,769
	46,888	8	46,896
Less: amounts representing imputed interest	(30,128)	-	(30,128)
Total capital lease obligations	**$ 16,760**	**$ 8**	$ **16,768**

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

5. Operating line of credit

NTPC has a $40,000 (2018-19 - $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, 2020, NTPC has borrowed $20,959 (2018-19 - $9,041) 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

	2020	2019
3.982% amortizing debenture, due February 17, 2047	$ 56,671	$ 57,825
5.16% amortizing debenture, due September 13, 2040	42,310	43,451
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	8,667	9,333
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of $73	4,248	4,713
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of $69	3,493	3,950
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of $70	3,337	3,817
	$208,726	$ 213,089
Less: Unamortized premium, discount and issuance costs	(742)	(786)
	$207,984	$ 212,303

The GNWT guarantees all of the debenture debt.

Principal repayments for future years are as follows:

2021	2022	2023	2024	2025	Thereafter	Total
$ 4,613	$ 4,879	$ 5,167	$ 5,476	$ 5,812	$182,779	$ 208,726

In October 2018 a $10,000 6.33% debenture was repaid at maturity. The full amount of the associated sinking fund, $6,323 was redeemed and used to repay the debenture with the remainder coming from NTPC's main operating account. NTPC no longer has debentures with sinking fund provisions.

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 NT Hydro 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 - $15,194 (2018-19 - $14,766).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 33 years with the majority occurring after 2041.
- The discount rate is the cost of borrowing rate of 2.48% (2018-19 – 2.57%) for those obligations to be settled in less than 10 years and 3.11% (2018-19– 3.04%) for those obligations to be settled in 10 years or longer.

Following is a summary of the asset retirement obligations:

	2020	2019
Opening balance	$ 8,456	$ 7,536
Liabilities settled	(100)	(186)
Accretion expense	254	224
Valuation adjustment	(135)	567
Additions	403	315
Balance, end of year	$ 8,878	$ 8,456

As at March 31, 2020 management does not foresee any events or circumstances in the future that would have a significant impact on the estimated value of the asset retirement obligations.

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 (2018-19 - 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 - $37,910 (2018-19 - $35,148).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 70 years with the majority occurring after 2089.
- The discount rate is the cost of borrowing rate of 2.48% (2018-19 – 2.57%) for those obligations to be settled in less than 10 years and 3.11% (2018-19 – 3.04%) for those obligations to be settled in 10 years or longer.

Following is a summary of the estimated environmental liabilities:

	2020	2019
Opening balance	$ 13,465	$ 11,408
Liabilities settled	(126)	(133)
Valuation adjustment	3,182	2,190
Balance, end of year	$ 16,521	$ 13,465

The valuation adjustment relates to changes in the discount rate applied and changes to expected future cash flows.

9. Other employee future benefits

a) Public Service Pension Plan:

The employees of NT Hydro 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 1.00 times (2018-19 – 1.00) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2018-19 – 1.00) the employees' contributions for all other employees. Employer contributions of $2,349 (2018-19 - $2,038) were recognized as an expense in the current year. The employees' contribution to this plan was $2,219 (2018-19 - $2,025).

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:

	2020			2019		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Accrued benefit obligation, beginning of the year	$ 3,534	$ 299	$ 3,833	$ 2,789	$ 218	$ 3,007
Benefits earned	284	20	304	259	19	278
Plan Amendments	-	-	-	61	-	61
Interest	95	8	103	90	7	97
Benefits paid	(525)	(140)	(665)	(388)	(63)	(451)
Actuarial (gains) losses	(299)	63	(236)	723	117	840
Accrued benefit obligation, end of year	3,089	250	3,339	3,534	299	3,833
Unamortized net actuarial loss	(127)	(275)	(402)	(482)	(249)	(731)
Net future obligation	$ 2,962	$ (25)	$ 2,937	$ 3,052	$ 50	$ 3,102

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:

	2020	2019
Current benefits earned	$ 304	$ 278
Interest	103	97
Plan amendments	-	61
Amortization of net actuarial (gain) loss	93	(6)
	$ 500	$ 430

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

	2020	2019
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	2.60%	2.80%
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, 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**

	March 31, 2019					
	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	$ 346,396	$ 98,010	$ 64,913	$ 28,733	$ 14,765	$ 552,817
Additions	884	-	-	-	37,958	38,842
Transfers – completed projects	11,266	5,335	7,997	-	(24,598)	-
Disposals and adjustments	(2,178)	(356)	(1,413)	-	-	(3,947)
Closing balance	356,368	102,989	71,497	28,733	28,125	587,712
Accumulated amortization						
Opening balance	(119,308)	(33,348)	(32,555)	(8,761)	-	(193,972)
Amortization	(11,215)	(2,419)	(4,082)	(460)	-	(18,176)
Disposals and adjustments	2,223	335	1,150	-	-	3,708
Closing balance	(128,300)	(35,432)	(35,487)	(9,221)	-	(208,440)
Net book value	**$ 228,068**	**$ 67,557**	**$ 36,010**	**$ 19,512**	**$ 28,125**	**$ 379,272**

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Inventories

	2020	2019
Materials, supplies and lubricants	$ 4,802	$ 4,953
Critical spare parts	4,046	4,046
Fuel	279	317
	$ 9,127	$ 9,316

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

	2020	2019
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	100,685	83,466
	$ 143,814	$ 126,595

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, 2020, 1 common share (2018-19 – 1 common share), at $43,129 per share (2018-19 – $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

	2020	2019
Power sales to external customers	$ 81,527	$ 81,654
Power sales to GNWT and related parties	17,638	17,243
GNWT TPSP payments	6,198	6,205
GNWT HSP payments	4,443	5,289
	$ 109,806	$ 110,391

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. The change in GNWT HSP Payment is the direct result of the changes made by NWT Housing Corporation to their User Pay Program in September 2019-20.

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

	2020	2019
Connection fees	$ 456	$ 401
Contract work	411	680
Heat revenues	398	449
Pole rental	346	287
Contributions in aid of construction	180	281
	$ 1,791	$ 2,098

15. Expenses

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

	2020	2019
Fuel and lubricants (Note 19)	$ 31,024	$ 30,910
Salaries and wages	27,370	29,319
Supplies and services	22,295	22,415
Amortization (Note 10)	17,676	18,176
Interest expense (Note 16)	11,906	12,657
Loss on disposal of assets	3,514	493
Travel and accommodation	2,279	2,276
Accretion on ARO (Note 7)	254	224
	$ 116,318	$ 116,470

NORTHWEST TERRITORIES HYDRO CORPORATION

16. Interest expense and interest income

Interest expense

	2020	2019
Interest on debenture debt and capital leases (Notes 4, 6)	$ 12,445	$ 13,133
Short-term debt financing costs	476	225
Capitalized interest during construction	(1,015)	(701)
	$ 11,906	$ 12,657

Interest income

	2020	2019
Income on loan receivable (Note 4)	$ 1,127	$ 1,238
Income from overdue accounts and bank balances	86	58
Income from sinking fund investments	-	46
	$ 1,213	$ 1,342

17. Other government contributions

Investing in Canada Infrastructure Program (ICIP)

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. NTPC did not receive a payment in the current year. As of March 31, 2020 NTPC has incurred $3,469 of eligible expenditures of which all have 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. NTPC did not receive a payment in the current year. As of March 31, 2020 NTPC has incurred $303 of eligible expenditures of which all have been 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. NTPC did not receive a payment in the current year. As of March 31, 2020 NTPC has incurred $136 of eligible expenditures of which all have been recorded as a receivable.

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:

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

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. The agreement expires March 31, 2021.

In October 2018, Unit 1 experienced a mechanical failure prior to the start of the planned overhaul. NTPC initiated an insurance claim on some of the costs associated with the work being completed on Unit 1 as well as costs associated with additional diesel generation. In 2019-20 NTPC received $5,000 in a preliminary installment on the insurance claim. NTPC allocated $2,900 to the incremental diesel costs incurred as a result of the failure and other costs which are ineligible under the agreement with the GNWT. NTPC has applied the remaining $2,100 as a reduction of total eligible costs in determining other government contributions under the agreement. It is not determinable whether NTPC will receive additional insurance proceeds and management cannot reasonably estimate any such amount at this time.

During the year NTPC received payments of $2,190 (2019 - $6,000). As of March 31, 2020 NTPC recorded $3,132 (2019 - $3,064) of eligible expenditures on the overhaul of Unit 1 and the remaining $1,994 (2019 - $2,936) is recorded as a deferred liability.

Sachs Harbour Plant Replacement

This agreement is to support 75% of the costs to fund the installation and commissioning of a new power plant and fuel storage tanks in Sachs Harbour to a maximum of $7,481. The agreement expires March 31, 2021. During the year NTPC received payments of $4,400. As of March 31, 2020, NTPC has incurred $3,195 (2019 - $19) of eligible expenditures. The difference of $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. The agreement expires March 31, 2021. During the year NT Energy received payments of $3,600. NT Energy has received total payments of $4,860 as of March 31, 2020 and has incurred $4,320 of eligible expenditures. The remaining $540 is 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

	2020 Budget	2020 Actuals	2019 Actuals	Total Lifetime Costs
Taltson Hydroelectric Overhaul				
Salaries and wages		$ 5	$ -	$ 5
Supplies and services		3,431	-	3,431
Transportation costs		33	-	33
	$ 2,055	**$ 3,469**	**$ -**	**$ 3,469**
Lutsel K'e Diesel Plant				
Salaries and wages		$ 5	$ -	$ 5
Supplies and services		295	-	295
Transportation costs		3	-	3
	$ 525	**$ 303**	**$ -**	**$ 303**
Fort Simpson LNG				
Salaries and wages		$ 20	$ -	$ 20
Supplies and services		116	-	116
	$ 500	**$ 136**	**$ -**	**$ 136**
Snare Forks Overhauls				
Salaries and wages		$ 18	$ 218	$ 236
Supplies and services		2,802	2,772	5,574
Transportation costs		312	74	386
	$ 8,277	**$ 3,132**	**$ 3,064**	**$ 6,196**
Sachs Harbour Plant Replacement				
Salaries and wages		$ 4	$ 19	$ 23
Supplies and services		3,157		3,157
Transportation costs		34		34
	$ 3,000	**$ 3,195**	**$ 19**	**$ 3,214**
Inuvik Wind				
Salaries and wages		$ 85	$ 199	$ 284
Supplies and services		3,005	963	3,968
Transportation costs		44	24	68
	$ 16,000	**$ 3,134**	**$ 1,186**	**$ 4,320**
Total ICIP contributions	**$ 30,357**	**$ 13,369**	**$ 4,269**	**$ 17,638**

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

Other agreements

In 2019-20, NTPC entered into one other single year contribution agreements with the GNWT to fund costs associated with electricity system analytical work. The total agreement was for $30, all of which was recognized as revenue. $20 was received in 2019-20, and $10 is recorded as receivable at March 31, 2020.

In 2019-20, NT Energy entered into two 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 2019-20.

The second agreement was to support lease costs for the NT Energy office in Hay River. The total agreement was for $96, all of which was received and $96 was recognized as revenue in 2019-20.

18. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

Revenues	**2020**	**2019**
Other revenue	$ 439	$ 215
Fuel rider revenue	426	-
	$ 865	$ 215
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 19)	$ 25,405	$ 23,579
Other operating expenses	1,017	1,036
	$ 26,422	$ 24,615
Financial assets		
Revenues receivable		
Utility	$ 1,613	$ 1,896
Non-utility	14	101
	$ 1,627	$ 1,997
Liabilities		
Accounts payable to FSD for fuel (Note 19)	$ 7,333	$ 5,110
Other accounts payable and accrued liabilities	56	30
	$ 7,389	$ 5,140

NORTHWEST TERRITORIES HYDRO CORPORATION

19. Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2020.

	Expiry	2021	2022 and subsequent
Operational and lease commitments	2022	$ 9,706	$ 565

Capital projects

NT Hydro has contractual obligations totalling $32,398 related to capital projects. NTPC expects to make payments of $25,112 for 2020-21 and $7,286 for 2021-22.

In addition, NT Hydro has entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC has 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 are provided by FSD. The price of fuel under this agreement changes 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 is an annual minimum purchase requirement of 13,000 liters averaged over a 2 year period. The contract expires March 31, 2021.

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 include LNG fuel costs, which are 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, 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.

	2020	2019
Revenues receivable	$ 14,077	$ 12,802
Government contributions receivable	3,965	75
Loan receivable	11,076	12,290
Cash	2,003	2,147
	$ 31,121	$ 27,314

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Thirty-seven percent (2018-19 - 37%) of NTPC's sales are to two other utilities. Twenty-six percent (2018-19 - 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 $40,000 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, 2020				
	Less than 1 year	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

	March 31, 2019				
	Less than 1 year	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	$ 4,364	$ 25,946	$ 129,575	$ 53,204	$ 213,089
Operating line of credit	9,041	-	-	-	9,041
Capital lease obligation	2,046	9,127	19,482	18,287	48,942
Loan receivable	(2,341)	(11,704)	(3,121)	-	(17,166)
	$ 13,110	$ 23,369	$ 145,936	$ 71,491	$ 253,906

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 the fair value of the loan receivable, the capital lease obligation and debenture debt as all have fixed rates. The impact on net income due to fluctuations in interest rates on the operating line of credit is not significant.

21. Comparative figures

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

22. Subsequent events

a) COVID 19

The outbreak of COVID-19 in early 2020 caused significant global disruption and an economic downturn. Since the duration of the outbreak and its effects are unknown at this time, it is not possible to provide a reliable estimate of the impact on NT Hydro's future financial statements. NT Hydro continues to assess and monitor the impact of the pandemic on its future financial statements, including the likelihood of decreased revenues, increased expenses, and decreased cash flows.

Relative to its 2019-20 actual results, NT Hydro expects future bad debt expense to increase and the related cash receipts from some customers to decrease due to reduced economic activity and resultant financial difficulties of some utility customers.

b) Long term debt

On September 30, 2020, NTPC borrowed $40,000 from the GNWT at a rate of 2.265% for 30 years. The debt is repayable in semi-annual blended instalments of $922 until September 30, 2050.

N.W.T. SPORT AND RECREATION COUNCIL

Yellowknife, NT

FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. 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.

Manager, Lottery Programs,
Department of Municipal and Community Affairs
Government of the Northwest Territories

May 26, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
N.W.T. Sport and Recreation Council

Opinion
We have audited the financial statements of N.W.T. Sport and Recreation Council (the "Council"), which comprise the Statement of Financial Position as at February 29, 2020, and the Statements of Operations, Changes in Net Financial Assets and Accumulated Surplus, and Cash Flows for the eleven months 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 February 29, 2020, and its results of operations and its cash flows for the eleven months 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
We draw attention to Note 1 to the financial statements which describe the dissolution of the Council.

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.

Avery Cooper & Co. Ltd.

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

May 26, 2020

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF FINANCIAL POSITION
February 29, 2020

	February 29, 2020	March 31, 2019
FINANCIAL ASSETS		
Cash	$ -	$ 14,449
GST receivable	-	52,618
Due from related party (note 3)	-	-
	-	67,067
LIABILITIES		
Accounts payable and accrued liabilities	-	9,650
Due to related party (note 3)	-	6,151
	-	15,801
NET FINANCIAL ASSETS	-	51,266
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	-	876
ACCUMULATED SURPLUS	$ -	$ 52,142

Approved:

_____ Director _____ Director

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the eleven months ended February 29, 2020

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES per page 3	$ (1,042)	$ 103,513
Loss on disposal of tangible capital assets	875	-
Amortization of tangible capital assets	-	535
Transfer surplus to GNWT (note 3)	(51,100)	-
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(51,266)	104,048
NET FINANCIAL ASSETS (NET DEBT), opening	51,266	(52,782)
NET FINANCIAL ASSETS, closing	$ -	$ 51,266

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF OPERATIONS

For the eleven months ended February 29, 2020

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
REVENUES		
Administration - Schedule 1	$ 6,326	$ 761,821
Investment and Evaluation - Schedule 2	-	3,809,233
Multi Sport Games - Schedule 3	-	850,008
	6,326	5,421,062
EXPENSES		
Administration - Schedule 1	7,368	761,821
Investment and Evaluation - Schedule 2	-	4,169,893
Multi Sport Games - Schedule 3	-	385,835
	7,368	5,317,549
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (1,042)	$ 103,513

See accompanying notes and schedules

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (DEFICIT)
For the eleven months ended February 29, 2020

	Unrestricted Surplus	Building Reserve	Games Reserve	Total
For the eleven months ended February 29, 2020				
ACCUMULATED SURPLUS, opening	$ 52,142	$ -	$ -	$ 52,142
DEFICIENCY OF REVENUES OVER EXPENSES per page 3	(1,042)	-	-	(1,042)
TRANSFER SURPLUS TO GNWT (note 3)	(51,100)	-	-	(51,100)
ACCUMULATED SURPLUS, closing	$ -	$ -	$ -	$ -
For the year ended March 31, 2019				
ACCUMULATED DEFICIT, opening	$ (51,371)	$ -	$ -	$ (51,371)
EXCESS OF REVENUES OVER EXPENSES	103,513	-	-	103,513
ACCUMULATED SURPLUS, closing	$ 52,142	$ -	$ -	$ 52,142

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CASH FLOWS

For the eleven months ended February 29, 2020

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and other	$ -	$ 5,415,987
Cash receipts from interest revenue	1,076	13,909
Cash paid to grant recipients and other	(10,892)	(5,581,016)
Severance paid	-	(477,146)
	(9,816)	(628,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in GST receivable	52,618	-
Advances from related party	10,850	6,150
Repayments to related party	(68,101)	(6,082)
Line of credit	-	(320,000)
	(4,633)	(319,932)
DECREASE IN CASH	(14,449)	(948,198)
CASH, opening	14,449	962,647
CASH, closing	$ -	$ 14,449

See accompanying notes and schedules

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
February 29, 2020

1. NATURE OF OPERATIONS

N.W.T. Sport and Recreation Council (the "Council") operates to provide leadership and support for the Northwest territories sport and recreation sector. As a public service entity, the Council's function is to support the objectives of the Government of the Northwest Territories (GNWT). In fulfillment of this role, the SRC shall: streamline decision making and improve coordination; plan collaboratively with communities and sport and recreation leaders; effectively use resources that result in opportunities for all NWT residents to access physical activities; be accountable for achieving outcomes; and manage the Western Canada Lottery program in the NWT.

The SRC was incorporated under the *Societies Act* of the Northwest Territories on March 10, 2005. The SRC is a related entity to the GNWT and is exempt from income taxes pursuant to paragraph 149(1)(*c*) of the *Income Tax Act* (Canada).

On February 29, 2020, the Council transferred its operations to the GNWT Department of Municipal and Community Affairs (MACA) and subsequently dissolved.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are detailed as follows:

(a) Cash equivalents

The Council 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 Council initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Council subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable, and due from related party. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to related party.

(c) Capital management

The Council's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate to provide leadership and support for the Northwest Territories sport and recreation sector. It achieves its objective by strong day-to-day management of its cash flows and by regularly monitoring revenues and expenses against its operating and capital budgets.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot reasonably be estimated, contributed assets are recorded at nominal value. The cost of capital assets are amortized over the estimated useful lives of assets by category. Estimates of useful life are made as tangible capital assets are acquired. A full year's amortization is expensed in the period of acquisition. Capital assets are being amortized to expense using the declining balance method at the following rates:

Computer equipment	40%
Equipment	30%

(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 if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of tangible capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Externally restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Interest is recognized when earned, donations are recognized when received and service contracts are recognized when the funder is invoiced for reimbursement of expenses.

(f) Financial assets

Financial assets, consisting of cash, GST receivable, and due from related party, are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

(g) Non-financial assets

Non-financial assets, consisting of prepaid expenses, are not available to discharge existing liabilities and are held for use in the provision of services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Net debt

Net debt is measured as the difference between the Council's liabilities and financial assets. This difference bears directly on the Council's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations.

(i) 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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of tangible capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. RELATED PARTY TRANSACTIONS

SRC is related in terms of common ownership to all GNWT-created departments, territorial corporations and public agencies. SRC 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 period and balances at period-end, not disclosed elsewhere in the financial statements, are disclosed in this note.

(a) During the period, the Council entered into transactions with the following related parties:

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
Revenues		
MACA - Games funding	$ -	$ 850,000
NWT Lottery Authority - Program funding	-	4,557,146
	$ -	$ 5,407,146
Expenses		
Beaufort Delta Education Council	$ -	$ 42,785
Sahtu Divisional Education Council	-	13,500
	$ -	$ 56,285

3. RELATED PARTY TRANSACTIONS, continued

(b) The amount due from NWT Lottery Authority are payments made to Nunavut Lottery on behalf of the Council.

(c) Due to related party

	February 29, 2020	March 31, 2019
NWT Lottery Authority	$ -	$ 6,151

(d) The change in amounts due to and from related parties during the period are as follows:

	Due from MACA	Due to NWT Lottery Authority	Net
Opening balance	$ -	$ 6,151	$ 6,151
Items affecting cash:			
Advances received	10,850	-	10,850
Transfer of SRC bank accounts	(53,251)	(14,850)	(68,101)
Transfers not affecting cash:			
Transfer of SRC accumulated surplus	51,100	-	51,100
Set-off on dissolution	(8,699)	8,699	-
Closing balance	$ -	$ -	$ -

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. TANGIBLE CAPITAL ASSETS

	February 29, 2020			March 31, 2019
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ -	$ -	$ -	$ 661
Equipment	-	-	-	215
	$ -	$ -	$ -	$ 876

5. LINE OF CREDIT

In December 2015, a line of credit was authorized by the Board of Directors to a maximum of $600,000 and bears interest at bank's prime lending rate plus 0.60% per annum and is secured by a borrowing resolution signed by the Board of Directors. Balance as of February 29, 2019 is $nil (2019 - $nil). All accounts were closed as at February 29, 2020.

6. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, amounts due to and from related parties, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, market, currency, credit, liquidity of cash flow risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

7. LOTTERY AUTHORITY

The Lottery Authority was established by SRC as per section 4(1) of the *Western Canada Lottery Act* and regulations for the purpose of assisting the SRC in the performance of its duties under the regulations. By agreement dated April 1, 2009, between the Western Canada Lottery Corporation (WCLC) and the SRC, the SRC agreed to jointly market with the WCLC the lottery schemes in the Northwest Territories. By the agreement dated April 1, 2015, provision of marketing the WCLC products in the Nunavut was extended to March 31, 2020.

8. TERRITORIAL SPORT ORGANIZATION CONTRIBUTIONS

The Council received the following contributions during the period:

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
Archery	$ -	$ 20,000
Arctic Sports/Dene Games	-	20,000
Athletics NWT	-	65,790
Aurora Horse	-	(20,000)
Badminton	-	(22,200)
Basketball	-	100,000
Biathlon	-	(51,780)
Bowling	-	20,000
Broomball	-	20,000
Cross Country Skiing	-	100,000
Curling	-	82,500
Figure Skating	-	20,000
Hockey	-	100,000
Judo	-	100,000
Karate	-	(20,000)
School Sports	-	(20,000)
Shooting	-	31,000
Snowboarding	-	47,500
Soccer	-	100,000
Softball	-	82,500
Special Olympics	-	20,000
Speed Skating	-	82,500
Squash	-	65,000
Swimming	-	100,000
Table Tennis	-	20,000
Tennis	-	47,500
Volleyball	-	82,500
Wrestling	-	20,000
	$ -	$ 1,212,810

All contracts with the various sport organizations have been assumed by the GNWT.

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

SCHEDULE OF ADMINISTRATION

Schedule 1

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
REVENUES		
Lottery contribution	$ -	$ 747,912
Interest revenue	1,076	13,909
In-kind contribution	5,250	-
	6,326	761,821
EXPENSES		
Amortization	-	532
Audit and accounting fees	6,450	11,987
Bank charges	43	182
Contributions to Lex Borealis	-	707,714
Loss on disposal of tangible capital assets	875	-
Supplies	-	350
Travel	-	2,379
Wages and benefits	-	38,677
	7,368	761,821
DEFICIENCY OF REVENUES OVER EXPENSES	$ (1,042)	$ -

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

SCHEDULE OF INVESTMENT AND EVALUATION

Schedule 2

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
REVENUES		
Lottery contribution	$ -	$ 3,809,233
EXPENSES		
Aboriginal Sport Circle of the NWT	-	800,000
Beaufort Delta Sahtu contributions	-	197,083
Mackenzie Recreation Association	-	360,000
NWT Recreation and Parks Association	-	800,000
Sport North Federation	-	800,000
Territorial Sport Organizations	-	1,212,810
	-	4,169,893
DEFICIENCY OF REVENUES OVER EXPENSES	$ -	$ (360,660)

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

SCHEDULE OF MULTI SPORT GAMES

Schedule 3

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
REVENUES		
MACA contribution	$ -	$ 850,000
Interest revenue	-	8
	-	850,008
EXPENSES		
Bank charges	-	13,645
Contribution to Sport North Federation	-	372,190
	-	385,835
EXCESS OF REVENUES OVER EXPENSES	$ -	$ 464,173

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

SCHEDULE OF REVENUES & EXPENSES BY OBJECT

Schedule 4

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
Lottery revenue	$ -	$ (4,557,143)
MACA revenue	-	(850,000)
In-kind contribution	(5,249)	-
Interest revenue	(1,076)	(13,917)
Amortization	-	532
Audit and accounting fees	6,450	11,987
Bank charges	42	13,825
Loss on disposal of tangible capital assets	875	-
Supplies	-	350
Travel	-	2,379
Wages and benefits	-	38,677
Contribution to games	-	372,190
Contribution to partners	-	4,877,607
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 1,042	$ (103,513)

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

AUDITED FINANCIAL STATEMENTS

March 31, 2020

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2020

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YELLOWKNIFE
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Independent Auditor's Report

Board of Directors, Northwest Territories Surface Rights Board

Opinion

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board., which comprise the statement of financial position as at March 31, 2019, 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, 2020, 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.

Emphasis of Matter

We draw attention to Note 7 in the audited financial statements, which indicates that due to Covid-19 Pandemic, the board had to cancel its trip and is adjusting its operation to cope up with the existing social distancing rules and travel restrictions. As stated in the note 7, management think there is no going concern issues for the board. 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 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

  misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Territories Surface Rights Board's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Northwest Territories Surface Rights Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Northwest Territories Surface Rights Board. to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

EPR Yellowknife Accounting Professional Corporation
Yellowknife, Northwest Territories
June 29, 2020

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 29, 2020

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement I**
STATEMENT OF FINANCIAL POSITION
As At March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	$ 116,292	$ 116,701
Accounts receivable (Note 4)	58	50
TOTAL FINANCIAL ASSETS	**116,350**	**116,751**
LIABILITIES		
Current liabilities		
Accounts Payable (Note 5)	99,622	84,250
Deferred Revenue (Note 6)	18,371	33,945
	117,993	**118,195**
NET FINANCIAL ASSETS	**(1,643)**	**(1,444)**
NON FINANCIAL ASSETS		
Prepaid Expenses	1,643	1,444
Tangible Capital Assets	-	-
	1,643	1,444
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 II**
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2020

	2020	2019
REVENUE		
Government of NWT Contributions	306,490	302,595
Prior year surplus	33,945	78,065
Interest revenue	623	622
Transferred to deferred revenue	(18,371)	(33,945)
TOTAL REVENUE	**322,687**	**347,337**
OPERATING EXPENSES		
Professional fees	135,817	150,702
Honorarium	44,849	64,811
Board travel and other costs	14,939	24,749
Wages and Benefits	58,083	67,520
Information technology and computer costs	35,673	11,941
Rent	13,758	15,745
Advertising and external communication	1,862	492
Office and other supplies	5,750	5,937
Telephone, fax and Internet	3,404	3,322
Staff Travel and training	6,042	-
Bank charges and interest	519	374
Insurance	1,991	1,744
TOTAL EXPENSES	**322,687**	**347,337**
OPERATING SURPLUS (DEFICIT) 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 III**
STATEMENT OF CHANGES IN NET FINANCIAL ASSET
For The Year Ended March 31, 2020

	2020		2019
NET FINANCIAL ASSET, BEGINNING OF YEAR	**(1,444)**	**$**	**(1,262)**
Items Affecting Net Financial Asset:			
Net Surplus (Deficit) from Operations	-		-
Use (Acquisition) of Prepaid	(199)		(182)
Consumption of Inventories	-		-
NET FINANCIAL ASSET, END OF YEAR	**(1,643)**	**$**	**(1,444)**

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement IV**
STATEMENT OF CASH FLOW
For the Year Ended March 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIEs		
Excess (deficiency) of revenue over expenditure	$ -	$ -
Decrease (increase) in accounts receivable	(6)	25
Decrease (increase) in prepaid expenses	(199)	(182)
Increase (decrease) in accounts payable	15,370	37,475
Increase (decrease) in deferred revenue	(15,574)	(44,120)
	(409)	(6,802)
Net increase (decrease) in cash and equivalents	(409)	(6,802)
Cash and equivalents at beginning of Year	116,701	123,503
CASH AND EQUIVALENTS AT END OF YEAR	**116,292**	**116,701**
Cash consists of :		
Cash in bank	91,292	91,701
GIC	25,000	25,000
	$ 116,292	**$ 116,701**

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) Capital Assets

Capital assets, when purchased, are recorded in the Capital Fund at cost minus accumulated amortization, and offset by the Investment in Capital Assets and any related debt. Amortization is provided to reduce the Investment in Capital Assets over the expected useful lives of the particular assets. Amortization is recorded using the diminishing balance method. At March 31, 2020, the Board had not acquired any capital assets.

2c) Revenue and Expenditure 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.

Fund accounting

Revenues and expenses related to Board operations delivery and administrative activities are reported in the Operating Fund. The net book value of capital assets is reported in the Capital Fund, offset by Investment in Capital Assets and any related debt.

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.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will affect the organization's revenue, the organization's expenses and the organization's financial instruments. The Board does not own a significant number of interest earning assets and the Board does not have a significant number of interest bearing liabilities.

Liquidity Risks
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...)

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.

Besides these, PSAB also released new standard PS 2601 Foreign Currency translation and PS 3450 Financial Instrument. However these standards were for Governments only. Government Organizations had already applied these standards on April 1, 2012. The impact of the transition to these accounting standards is being reviewed by the management.

4. ACCOUNTS RECEIVABLE

		2020		2019
GNWT	$	5	$	5
Interest Receivable		53		45
	$	**58**	**$**	**50**

5. ACCOUNTS PAYABLE

		2020		2019
Trades payable	$	63,109	$	46,177
Wages and honoraria fee payable		35,099		28,735
Vacation payable		903		827
WCB payable		275		-
Payroll remitances payable		-		4,836
GNWT payroll tax payable		236		584
RRSP payable		-		3,091
	$	**99,622**	**$**	**84,250**

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 $18,371 is repayable to GNWT.

		2020		2019
Balance, beginning of period	$	33,945	$	78,064
Deferred Revenue recognized as revenue during for the year		(33,945)		(78,064)
Comprised of:		-		-
Deferred revenue for processing applications		18,371		33,945
	$	**18,371**	**$**	**33,945**

7. GOING CONCERN

These financial statements have been prepared in accordance with accounting standards that apply to going concern. Under the going concern assumption, an organization is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of business. As the world has been hit hard by the Covid-19 Pandemic, NWT Surface Right Board is no exception to it. Due to the travel restrictions imposed, the board had to cancel its trip to visit Alberta Surface Right Board. Similarly, due to the closures of the courts, the board would be facing challenges to resolve the legal matter even though there are no cases on horizon for now. Management is in the process of renting bigger than normal board rooms in order to conduct their regular meetings. With the gradual reopening of the business and activities including courts, management also thinks the board should be able to resolve the legal disputes if needed. As per the management, NWT surface right board is an institution of public government and is fully funded by the Government of Canada. Management does not believe that there is a significant doubt on the board ability to continue as going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. As described above, management believes that the measures it has taken or intent to take will mitigate the effect of the conditions and events that cast doubt on the appropriateness of this assumption.

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, 2020.

10. COMMITMENTS

The existing rent agreement expired on March 31, 2020. No new lease agreement has been signed yet. Per management, the landlord is looking for a 5 year lease renewal terms. Management will be discussing the lease agreement in its next board meeting.

11. SUBSEQUENT EVENTS

The Board has determined that there have been no subsequent events that provide further evidence of conditions which existed at the financial statement date, and/or which are indicative of conditions which arose subsequent to the financial statement date.

STATUS OF WOMEN COUNCIL OF THE NWT

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2020

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Status of Women Council of the N.W.T.

P.O. Box 1320, Yellowknife, NWT X1A 2L9

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

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

Louise Elders

Executive Director

June 29, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Status of Women Council of the NWT

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Status of Women Council of the NWT (the "Council"), which comprise the Statement of Financial Position as at March 31, 2020, 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, 2020, 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.

INDEPENDENT AUDITOR'S REPORT, continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements
As required by the *Financial Administration Act* ("FAA Act") of the Northwest Territories, we report that, in our opinion, the accounting principles in the Canadian public sector accounting standards have been applied.

Further, in our opinion, proper books of account have been kept by the Council and the financial statements are in agreement therewith. In addition, the transactions of the Council have, in all significant respects, been in accordance with the FAA Act and regulations; the *Status of Women Council Act* (the "Act") and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or Act.

Avery Cooper & Co. Ltd.

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

June 29, 2020

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF FINANCIAL POSITION
March 31, 2020

ASSETS

	2020	2019
CURRENT		
Cash	$ 136,492	$ 133,407
Accounts receivable (note 3)	13,835	30,405
	150,327	163,812
DESIGNATED CASH	81,732	-
INVESTMENTS (note 4)	-	80,679
TANGIBLE CAPITAL ASSETS (note 5)	8,878	12,685
	$ 240,937	$ 257,176

LIABILITIES

CURRENT		
Trade payables and accruals (note 6)	$ 64,983	$ 40,305
Wages and benefits payable (note 7)	35,258	30,395
Government remittances payable	11,110	10,260
Deferred revenue (note 8)	59,049	102,628
	170,400	183,588
CONTINGENCIES (note 9)		

FUND BALANCES

UNRESTRICTED SURPLUS (DEFICIT) per page 3	(7,223)	(7,978)
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	8,878	12,684
CONTINGENCY FUND per page 3	38,882	38,882
BENEFITS FUND per page 3	30,000	30,000
	70,537	73,588
	$ 240,937	$ 257,176

Approved:

_____ Member

_____ Member

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF OPERATIONS

For the year ended March 31, 2020

	2020	2019
REVENUES		
Core - Schedule 1	$ 475,108	$ 474,699
Gender Equity - Schedule 2	83,115	110,391
Family Violence Awareness Month - Schedule 3	53,000	47,155
Leadership Forums - Schedule 4	39,613	-
Wise Women Awards - Schedule 5	22,225	-
NGO Stabilization Fund - Schedule 6	22,262	13,695
Elimination of Violence - Schedule 7	16,932	15,000
Crime Week - Schedule 8	8,500	-
Workplace Sexual Harassment - Schedule 9	8,338	-
Vigil - Schedule 10	1,114	596
Women's Gatherings - Schedule 11	625	11,502
Campaign School - Schedule 12	419	17,581
Take Back the Night - Schedule 13	-	553
	731,251	691,172
EXPENSES		
Core - Schedule 1	478,159	483,294
Family Violence Awareness Month - Schedule 3	53,000	47,155
Gender Equity - Schedule 2	83,115	110,391
NGO Stabilization Fund - Schedule 6	22,262	13,695
Leadership Forums - Schedule 4	39,613	-
Wise Women Awards - Schedule 5	22,225	-
Workplace Sexual Harassment - Schedule 9	8,338	-
Crime Week - Schedule 8	8,500	-
Campaign School - Schedule 12	419	17,581
Take Back the Night - Schedule 13	-	553
Vigil - Schedule 10	1,114	670
Elimination of Violence - Schedule 7	16,932	15,000
Women's Gatherings - Schedule 11	625	11,502
	734,302	699,841
DEFICIENCY OF REVENUES OVER EXPENSES	$ (3,051)	$ (8,669)

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2020

	2020				
	Unrestricted Surplus (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)
Amortization of tangible capital assets	3,806	(3,806)	-	-	-
BALANCE, closing	$ (7,223)	$ 8,878	$ 38,882	$ 30,000	$ 70,537

	2019				
	Unrestricted Deficit	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
BALANCE, opening	$ (2,073)	$ 2,448	$ 43,221	$ 38,661	$ 82,257
Deficiency of revenues over expenses	(8,669)	-	-	-	(8,669)
Transfers	-	-	8,661	(8,661)	-
Capital contributions	13,000	-	(13,000)	-	-
Purchase of tangible capital assets	(12,775)	12,775	-	-	-
Amortization of tangible capital assets	2,539	(2,539)	-	-	-
BALANCE, closing	$ (7,978)	$ 12,684	$ 38,882	$ 30,000	$ 73,588

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and donations	$ 632,192	$ 595,421
Cash paid for materials and services	(308,027)	(249,153)
Cash paid for wages and benefits	(321,080)	(304,750)
Contributions repaid	-	(41,295)
	3,085	223
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(12,775)
Decrease in marketable securities	81,732	12,983
	81,732	208
INCREASE IN CASH	84,817	431
CASH, opening	133,407	132,976
CASH, closing	$ 218,224	$ 133,407
REPRESENTED BY:		
Cash	$ 136,492	$ 133,407
Designated cash	81,732	-
	$ 218,224	$ 133,407

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

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:

Computer equipment	30%
Equipment	20%

(d) Employee future benefits

Employees are entitled to severance benefits, as provided under labour contracts and conditions of employment, based on years of service. The benefits are paid upon resignation, lay off or death of employee.

The cost of the severance benefits upon resignation are accrued annually based on a minimum of four years of service, to a payout of 12 weeks maximum. The additional cost of severance benefits paid upon lay off are recorded in the year paid.

(e) Revenue recognition

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

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

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

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

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

	2020	2019
GNWT - Executive & Indigenous Affairs	$ -	$ 18,000
GNWT - Health & Social Services	13,000	12,405
Canada - Justice Partnership and Innovation Program	835	-
	$ 13,835	$ 30,405

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

4. INVESTMENTS

	2020	2019
Bank of Nova Scotia Cashable GIC's:		
Interest rate 1.30% per annum, due March 28, 2020	$ -	$ 30,000
Interest rate 1.30% per annum, due March 28, 2020	-	50,679
	$ -	$ 80,679

5. TANGIBLE CAPITAL ASSETS

			2020	2019
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 58,081	$ 49,848	$ 8,233	$ 11,794
Equipment	4,870	4,225	645	891
	$ 62,951	$ 54,073	$ 8,878	$ 12,685

6. TRADE PAYABLES AND ACCRUALS

	2020	2019
Trade payables	$ 41,426	$ 19,350
Scotiabank Visa	8,325	8,955
Accrued liabilities	15,232	12,000
	$ 64,983	$ 40,305

7. WAGES AND BENEFITS PAYABLE

	2020	2019
Wages payable	$ 6,971	$ 4,979
Severance liability	10,142	9,297
Vacation and lieu payable	18,145	16,119
	$ 35,258	$ 30,395

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

8. DEFERRED REVENUE

Deferred revenue as at March 31, 2020, consists of the following:

	2020	2019
Elimination of Violence	$ 68	$ -
Government of Canada - Gender Equity	48,468	81,585
GNWT	-	420
Corporate	-	623
Wise women	7,275	20,000
NGO Stabilization	3,238	-
	$ 59,049	$ 102,628
Deferred revenue, opening	$ 102,628	$ 96,574
Receipts	25,568	102,209
Funding receivable	-	419
Funding expended	(69,147)	(96,574)
	$ 59,049	$ 102,628

9. 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.

10. CONTRACTUAL RIGHTS

As at March 31, 2020, the Council had entered into contribution agreements with the GNWT - Department of Executive & Indigenous Affairs with the term April 1, 2018 - March 31, 2021, and Canada - Justice Partnership and Innovation Program with the term January 6, 2020 - March 31, 2024. The future maximum contributions are as follows:

10. CONTRACTUAL RIGHTS, continued

	GNWT - Department of Executive & Indigenous Affairs	Canada Justice Partnership and Innovation Program	Total
2021	$ 394,000	$ 255,530	$ 649,530
2022	-	310,218	310,218
2023	-	503,426	503,426
2024	-	490,615	490,615
	$ 394,000	$ 1,559,789	$ 1,953,789

11. 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.

12. REVENUES BY OBJECT

	2020	2019
Government grants and contributions	$ 644,029	$ 609,324
Contributed rent	71,000	71,000
Sponsorship, donations and events	6,115	1,149
Administration fees	9,054	9,682
Interest income	1,053	17
	$ 731,251	$ 691,172

13. COMMITMENT

As at March 31, 2020, the Council has outstanding quarterly commitments of $2,267 with respect to an office equipment lease expiring November 12, 2020 as follows:

2021	$ 4,533

14. 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:

14. BENEFITS FUND, continued

	2020	2019
Benefits Fund, opening	$ 30,000	$ 38,661
Transfer excess to Contingency Fund	-	(8,661)
Benefits Fund, closing	$ 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.

15. 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:

	2020	2019
Contingency Fund, opening	$ 38,882	$ 43,221
Transfer for server purchase	-	(13,000)
Transfer from Benefits Fund	-	8,661
Transfer from unrestricted surplus	12,850	-
Contingency Fund, closing	$ 51,732	$ 38,882

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

16. 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, 2020, the Council has a $20,000 (2019 - $20,000) credit card facility with the Bank of Nova Scotia.

17. 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.

	2020	2019
Revenue		
GNWT - Executive & Indigenous Affairs	$ 431,780	$ 423,083
GNWT - Department of Justice	44,000	36,750
GNWT - Health & Social Services	26,000	25,405
GNWT - Municipal & Community Affairs	22,262	13,695
GNWT - Infrastructure (Contributed rent)	71,000	71,000
GNWT - Women's Initiative Grant	7,375	-
	$ 602,417	$ 569,933
Expenses		
GNWT - Infrastructure (Contributed rent)	$ 71,000	$ 71,000
GNWT - Financial Shared Services	7,269	7,320
Northwest Territories Health and Social Services Authority	1,250	-
	$ 79,519	$ 78,320

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.

18. 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, 2020

Schedule - CORE **Schedule 1**

	2020	2019
REVENUES		
GNWT - Executive & Indigenous Affairs	$ 394,000	$ 394,000
GNWT - Infrastructure - Contributed Rent	71,000	71,000
Admin Recovery	7,907	8,100
Miscellaneous	2,201	1,599
	475,108	474,699
EXPENSES		
Advertising & Promotion	454	221
Amortization	3,806	2,539
Catering	1,048	1,228
Communications	8,167	8,387
Computer Services	7,015	7,065
Contributed Rent	71,000	71,000
Equipment Rental	9,066	9,066
Honoraria	12,550	11,300
Interest & Bank Charges	154	484
Mail Service	1,320	729
Meeting Expenses/Conference Fees	-	121
Meetings	169	-
Professional Development - Staff	7,094	5,919
Professional/Contract Service	32,505	22,891
Resources/Subscriptions	2,245	1,601
Supplies	2,051	5,749
Technology	4,413	2,844
Travel	18,402	17,538
Wages & Benefits	296,700	314,612
	478,159	483,294
DEFICIENCY OF REVENUES OVER EXPENSES	$ (3,051)	$ (8,595)

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - GENDER EQUITY **Schedule 2**

	2020	2019
REVENUES		
Government of Canada	$ 50,000	$ 191,974
Deferred Revenue	33,115	(81,583)
	83,115	110,391
EXPENSES		
Administration Fees	6,103	6,103
Communications	-	25
Facility Rental	-	400
Honoraria	-	3,751
Materials	103	7,521
Professional fees	5,000	-
Project Management	25,000	28,050
Travel - Projects	28,909	53,541
Wages & Benefits	18,000	11,000
	83,115	110,391
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - FAMILY VIOLENCE AWARENESS MONTH **Schedule 3**

	2020	2019
REVENUES		
GNWT - Justice	$ 27,000	$ 21,750
GNWT - Health & Social Services	26,000	25,405
	53,000	47,155
EXPENSES		
Administration Fees	3,045	2,000
Communications	4,495	2,815
Community Events	34,950	26,650
Design & Printing	2,669	4,978
FVAW Resource Package	6,825	-
Materials	-	9,150
YK Event	1,016	1,562
	53,000	47,155
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - LEADERSHIP FORUMS **Schedule 4**

	2020	2019
REVENUES		
INAC	$ 36,738	$ -
Grants	2,875	-
	39,613	-
EXPENSES		
Catering	2,889	-
Facility Rental	2,865	-
Honoraria	1,000	-
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, 2020

Schedule - WISE WOMEN AWARDS **Schedule 5**

	2020	2019
REVENUES		
Deferred Revenue	$ 12,725	$ -
Grants, Sponsorships	9,500	-
	22,225	-
EXPENSES		
Awards & Recognition	3,145	-
Catering	3,886	-
Marketing & Communications	4,004	-
Project Travel	11,190	-
	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, 2020

Schedule - NGO STABILIZATION FUND **Schedule 6**

	2020	2019
REVENUE		
GNWT - Municipal & Community Affairs	$ 25,500	$ 13,695
Deferred Revenue	(3,238)	-
	22,262	13,695
EXPENSES		
Catering	-	243
Professional Fees	20,000	5,070
Project Travel	2,262	8,382
	22,262	13,695
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - ELIMINATION OF VIOLENCE **Schedule 7**

	2020	2019
REVENUE		
GNWT - Justice	$ 17,000	$ 15,000
Deferred Revenue	(68)	-
	16,932	15,000
EXPENSES		
Administration Fees	1,700	105
Catering	4,124	2,478
Freight/Transportation	167	766
Marketing & Communications	298	-
Materials & Supplies	8,259	11,301
Project Travel	2,384	-
Speaker Fees	-	350
	16,932	15,000
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - CRIME WEEK **Schedule 8**

	2020	2019
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, 2020

Schedule - WORKPLACE SEXUAL HARASSMENT **Schedule 9**

	2020	2019
REVENUE		
Justice Canada	$ 8,338	$ -
EXPENSES		
Accounting & Legal	2,000	-
Administration	1,088	-
Operating	250	-
Wages & Benefits	5,000	-
	8,338	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - VIGIL **Schedule 10**

	2020	2019
REVENUE		
Sponsorship, Donations & Events	$ 1,114	$ 596
EXPENSES		
Advertising	-	19
Marketing & Communications	557	476
Materials & Supplies	257	175
Facility Rental	300	-
	1,114	670
DEFICIENCY OF REVENUES OVER EXPENSES	$ -	$ (74)

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - WOMEN'S GATHERINGS **Schedule 11**

	2020	2019
REVENUES		
GNWT - Executive & Indigenous Affairs	$ 2	$ 12,125
Deferred Revenue	623	(623)
	625	11,502
EXPENSES		
Administration	625	51
Catering	-	1,444
Facility Rental	-	1,325
Honoraria	-	1,500
Marketing & Communications	-	466
Materials & Supplies	-	943
Printing & Postage	-	39
Project Travel	-	3,513
Speaker Fees	-	300
Volunteer Appreciation	-	1,831
Wages & Benefits	-	90
	625	11,502
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - CAMPAIGN SCHOOL **Schedule 12**

	2020	2019
REVENUES		
GNWT - Executive & Indigenous Affairs	$ -	$ 18,000
Deferred Revenue	419	(419)
	419	17,581
EXPENSES		
Professional Fees	-	9,000
Administration	419	2,000
Catering	-	2,950
Facility Rental	-	3,000
Marketing & Communications	-	506
Materials	-	87
Printing & Postage	-	38
	419	17,581
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Schedule - TAKE BACK THE NIGHT **Schedule 13**

	2020	2019
REVENUE		
Sponsorship, Donations & Events	$ -	$ 553
EXPENSES		
Marketing & Communications	-	553
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

SCHEDULE OF EXPENSES BY OBJECT

Schedule 14

	2020	2019
Administration Fees	$ 13,689	$ 11,375
Advertising & Promotion	12,533	5,082
Amortization	3,806	2,539
Communications	8,167	8,387
Computer	11,428	9,909
Conferences	58,709	43,882
Design & Printing	-	122
Equipment Rental	9,066	9,066
Equipment Use	2,442	2,271
Fees & Dues	-	400
Freight/Postage	4,767	6,550
Honoraria	13,550	16,551
Interest & Bank Charges	154	84
Miscellaneous	9,972	-
Office & Administration	250	-
Office Supplies	1,566	4,455
Professional/Contract Service	105,064	62,722
Rent	71,300	71,000
Resources/Subscription	12,178	30,851
Travel & Accommodation	68,867	82,974
Wages & Benefits	326,794	331,621
	$ 734,302	$ 699,841

FUR MARKETING SERVICE REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2020

(Unaudited)

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)

	2019/20 Actuals	2019/20 Revised Estimates	2019/20 Main Estimates	2018/19 Actuals
Authorized Limit	**1,500**	**1,500**	**1,500**	**1,500**
Opening Accounts Receivable	1,659	1,659	848	1,201
Advances to Trappers	466	816	803	1,425
Repayment of Fur Account Loans	(844)	(980)	(680)	(967)
Closing Accounts Receivable	**1,281**	**1,495**	**971**	**1,659**
Cash	(2,930)			**(2,980)**
Other Asset Accounts	1			**2**
Asset (Liability) Accounts	335			**(154)**
Clearing Accounts	63			**63**
Closing Balance Fund 12	**(1,250)**			**(1,410)**
Authorized limit	**1,500**			**1,500**

The information provided within this working paper addresses all requirements of YE Directive #49 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 28th, 2020.

Joyce Taylor, DFA

May 27, 20

Environment and Natural Resources

Fur Marketing Service Revolving Fund

(Information Item)

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. More than 1,000 NWT trappers take advantage of this program.

	(thousands of dollars)			
	2020-2021 Main Estimates	**2019-2020 Revised Estimates**	**2019-2020 Main Estimates**	**2018-2019 Actuals**
Authorized Limit	**1,500**	1,500	1,500	1,500
Operating Results:				
Opening Accounts Receivable	**1,495**	1,659	848	1,201
Advances to Trappers	**790**	816	803	1,425
Repayment of Fur Account Loans	**(795)**	(980)	(680)	(967)
Closing Accounts Receivable (Note)	**1,490**	1,495	971	1,659

Note: Some fur remains unsold at auction for extended periods. The spring sale proceeds, which are received after fiscal year end, pay off most of the remaining advances from the trapping season.

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Financial Statements

March 31, 2020

Marine Transportation Services

Financial Statements

March 31, 2020 **Page**

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Management's Responsibility for Financial Reporting

To the Minister of Infrastructure

Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Marine Transportation Services revolving fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

Steve Hagerman, Director
Marine Transportation Services Revolving Fund
Yellowknife, Northwest Territories
August 27, 2020

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Independent Auditors' Report

To the Minister of Infrastructure
Government of the Northwest TerritoriesMarine Transportation Services

Qualified Opinion
We have audited the financial statements of Marine Transportation Services (Marine Transportation Services Revolving Fund), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net debt, 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 Marine Transportation Services Revolving Fund as at March 31, 2020, 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 Marine Transportation Services Revolving 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, 2020 and for the year ended March 31, 2019, and payroll liabilities, employee future benefits, net financial resources, and accumulated surplus as at March 31, 2020 and March 31, 2019, 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 the beginning of the year and at March 31, 2020 and were unable to satisfy ourselves regarding inventory quantities by means of other audit procedures. Accordingly we were unable to determine if further adjustments may be necessary to expenses, excess of revenue (expenses) and cash flow from operations for the year ended March 31, 2020, and inventories and net assets as at March 31 for 2020 year.

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 Marine Transportation Services Revolving 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 Marine Transportation Services Revolving Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
August 27, 2020

Chartered Professional Accountants

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement of Financial Position

March 31,	2020	2019 (restated)
Financial Assets		
Cash	$ 6,173,883	$ 22,353,382
Accounts receivable (note 5)	2,536,855	5,712,490
	8,710,738	28,065,872
Financial liabilities		
Accounts payable and accrued liabilities (note 6)	6,119,364	5,552,127
Employee future benefits (note 7)	22,666	53,705
Due to Government of Northwest Territories - Revolving fund (note 8)	29,623,794	28,769,417
Due to Government of Northwest Territories - long-term loan (note 9)	9,616,947	9,616,947
Net financial debt	(36,672,033)	(15,926,324)
Non-financial assets		
Tangible capital assets (note 10)	33,955,761	14,278,948
Prepaid expenses and deposits (note 11)	460,921	455,797
Inventory (note 12)	2,255,351	1,191,579
	36,672,033	15,926,324
Surplus (deficit)	$ -	$ -

Contingent liabilities (note 14)
Contractual rights (note 15)
Contractual obligations (note 16)

Approved:

Director
Marine Transportation Services

Comptroller
Marine Transportation Services

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement of Changes in Net Financial Debt

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual (restated)
Net financial debt, beginning of year	$(15,305,427)	$(19,409,867)	$(12,968,178)
Prior period adjustment (Note 17)		3,483,543	
Net financial assets (debt), beginning of year, as restated	(15,305,427)	(15,926,324)	(12,968,178)
Excess (deficiency) of revenues over expenses	1,272,000		
Amortization		830,380	698,460
Gain on sale of tangible capital assets			
Acquisition of inventories		(1,063,772)	(683,574)
Acquisition of prepaid expenses		(5,124)	(455,797)
Purchase of tangible capital assets		(20,507,193)	(1,896,338)
Proceeds on disposal of tangible capital assets			
Change in net financial debt	1,272,000	(20,745,709)	(2,337,249)
Net financial debt, end of year	$(14,033,427)	$(36,672,033)	$(15,305,427)

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement of Operations

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual (restated)
Revenues			
Cargo delivery revenue	$ 7,706,000	$ 5,470,153	$ 2,948,207
Fuel delivery revenue	12,350,000	13,803,411	12,060,805
Fuel sales	-	7,762,937	12,115,429
Shipyard services	206,000	2,168,124	1,414,338
Charter revenues	1,900,000	970,648	1,176,855
Rental and other revenue	-	347,036	730,385
	22,162,000	30,522,309	30,446,019
Cost of sales (note 18)	18,082,000	31,653,605	30,354,387
Gross margin (2020 -3.8%, 2019 0.3%)	4,080,000	(1,131,296)	91,632
Expenses			
Accounting and legal	247,000	270,021	156,166
Amortization	554,000	830,380	698,460
Bad debts	-	1,280,310	250,917
Computer expense	-	193,075	144,043
Interest and bank charges	-	12,906	58
Interest on revolving fund	-	654,468	283,775
Interest on long-term debt	-	178,386	192,175
Office and administration	-	751,370	427,232
Training and development	-	168,562	76,313
Property taxes	532,000	871,279	821,794
Repairs and maintenance	-	860,711	51,212
Utilities	309,000	636,886	568,672
Wages and benefits	1,166,000	2,421,187	2,288,682
	2,808,000	9,129,541	5,959,499
Excess (deficiency) of revenues over expenses before other item	1,272,000	(10,260,837)	(5,867,867)
Other revenue (expenses)			
Grant contribution cash (note 19)	-	10,260,837	5,867,867
Excess of revenues over expenses	$ 1,272,000	$ -	$ -

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement of Accumulated Surplus (Deficit)

For the year ended March 31,	2020	2019 (restated)
Accumulated surplus (deficit), as previously stated	$ (3,483,543)	$ -
Prior period adjustment (note 17)	3,483,543	-
Accumulated surplus (deficit), as restated	-	-
Excess of revenues over expenses	-	-
Accumulated surplus (deficit), end of year	$ -	$ -

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement of Cash Flows

For the year ended March 31,	**2020**	2019 (restated)
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenses	**$ - **	$ -
Items not affecting cash		
Amortization	**830,380**	698,460
Finance charges	**832,854**	475,950
	1,663,234	1,174,410
Change in non-cash working capital items		
Accounts receivable	**3,175,635**	(4,240,180)
Accounts payable and accrued liabilities	**567,238**	3,962,831
Employee future benefits	**(31,039)**	4,139
Inventory	**(1,063,772)**	(683,574)
Prepaid expenses and deposits	**(5,124)**	(455,797)
	4,306,172	(238,171)
Financing activities		
Proceeds from Government of Northwest Territories	**101,979**	4,098,635
Payment to Government of Northwest Territories	**-**	(6,396,916)
	101,979	(2,298,281)
Investing activity		
Purchase of tangible capital assets	**(20,587,650)**	(1,896,339)
Increase (decrease) in cash	**(16,179,499)**	(4,432,791)
Cash, beginning of year	**22,353,382**	26,786,173
Cash, end of year	**$ 6,173,883**	$ 22,353,382

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. The balance of the Fund is reported as due to or from the Government of the Northwest Territories (GNWT) on the statement of financial position.

2. COVID-19

During the year there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. 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.

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 Fund relies on suppliers and vendors located outside of the Northwest Territories for some services, such as hiring professional personal for marine transportation operations. Due to Northwest Territories border restrictions and self-isolation requirements upon entry, it is expected that there will be additional costs to using vendors and suppliers from outside the Northwest Territories. There is no meaningful way to measure the impact at this time.

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.

3. Significant accounting policies

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

3. Significant accounting policies (continued)

(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 client premises. Revenue is recognized on the actual volume of fuel delivered at predetermined rates between the Fund and the client, and when all discharge documents have been acknowledged and signed by the client.

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 client premises and all discharge documents acknowledged and signed by the client. 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 client as specified in the contract.

Shipyard services revenue is recognized in the period when the Fund performs services for any other client outside the normal Fund's activities. Revenue is recognized in the period that the Fund completes and delivers such services to the client.

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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met.

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.

3. Significant accounting policies (continued)

(c) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities, Government departments.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. The cost allocations are recorded on a gross basis.

(d) 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.

(e) 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.

(f) 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, accounts receivable, accounts payable and accrued liabilities, employee future benefits, 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)

(g) Cash and cash equivalents

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 short-term loan account with the Government of Northwest Territories. The balance in the financial statements reflects the Funds cash and cash equivalents by the end of the year.

(h) Inventory

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

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

Under the terms and conditions of the 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.

(j) 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 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 $97,027 (2019-$48,787). During the year employees contributed $97,027 (2019-$48,787).

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.

3. Significant accounting policies (continued)

(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 (c).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments
- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies
- Education Authorities
- Health and Social Services Authority
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- 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
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor and Canabis Commission
- NWT Liquor Licensing Board

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.

3. Significant accounting policies (continued)

(l) Related party balances

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 (f).

(m) 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, financing costs 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 its 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.

(n) Capital work in progress

Capital work in progress is represents capital projects under construction but not completed and are valued at cost. Capital work in progress is accumulated until ready to use. Amortisation is recorded when the asset has been put to use.

3. Significant accounting policies (continued)

(o) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Fund recognises liability for remediation of contaminated sites when the following criteria have been met.

a) an environment standard exists;
b) contamination exceeds the environment standard;
c) the Fund is directly responsible or accepts responsibility;
d) it is expected that the future benefits will be given up;
e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and reduced by the expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognised is accounted for in the period revisions are made.

Government of Northwest Territories contaminated sites division of the Department of Environment and Natural Resources completed an assessment through a contractor. As of March 31, 2020, there was nothing that required clean up and thus no liability related to contaminated sites.

(p) Inter entity transactions

Inter entity transactions are transactions between commonly controlled entities and between the Government of Northwest Territories 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.

(q) Budget

Budget figures not audited and are intended for information purposes only.

(r) 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, the processing of payroll, insurance and risk management, legal counsel, record storage and computer operations and internal audit services, as it is difficult to estimate them.

4. Future changes to significant accounting policies

Revenue, Section PS 3400

This Section is effective for fiscal periods beginning on or after April 1, 2022. 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, 2021 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

	2020	2019
Customer receivable	$ **3,022,162**	$ 3,411,719
Government of Canada - Fisheries and Oceans	**-**	1,316,770
Federal excise tax and NT petroleum tax refund	**-**	49,655
Government of Northwest Territories		
Department of Environmental and Natural Resources	**5,443**	-
Health Authority	**1,917**	-
Department of Infrastructure - Fuel Services Division	**850,000**	1,161,633
Northwest Territories Housing Corporation	**253**	23,630
	3,879,775	5,963,407
Less: Allowance for doubtful accounts	**1,342,920**	250,917
	$ **2,536,855**	$ 5,712,490

6. Accounts payable and accrued liabilities

	2020	2019 (restated)
Trade accounts payable and accrued liabilities	$ 4,412,481	$ 2,339,897
Customer deposits	-	417,024
Government of Canada-goods and services tax payable	143,077	2,795,206
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	1,557,695	-
Department of Infrastructure	2,330	-
Aurora College	3,781	-
	$ 6,119,364	$ 5,552,127

7. Employee future benefits

	2020	2019 (restated)
Accrued benefit liabilities at the beginning of year	$ 98,535	$ 49,566
Current service cost	4,465	2,788
Interest cost	2,701	1,763
Benefit paid	(43,606)	(412)
Actuarial gain (loss)	8,192	44,830
Unamortized net actuarial (gain) loss	(47,621)	(44,830)
	$ 22,666	$ 53,705

The discount rate used in the 2020 fiscal year to determine the accrued benefit obligation was an average of 2.7% (2019 - 3.2%). The expected payments during the next five fiscal years are as follows:

	Total
2021	$ 18,970
2022	11,850
2023	8,375
2024	5,389
2025	5,140
2026-2030	20,051
Total	$ 69,775

8. Due to Government of Northwest Territories - Revolving fund

As per the *Revolving Fund Act* (the "*Act*") there shall be an authorised fund to meet the capital, operating and maintenance requirements of the Fund with a maximum amount of $35 million. Due to Government of Northwest Territories - Revolving fund with no specific term of repayment and bears interest at the Bank of Canada prime rate per annum.

Management estimated that the Fund would required up to $35 million (2019 - $35 million) in working capital with an estimated financing cost of $654,468 (2019 - $283,775).

9. Due to Government of Northwest Territories - long-term loan

The Government of Northwest Territories 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. Purchase of tangible capital assets was granted as a long term loan to the Fund. A repayment plan was prepared based on initial loan amount of $11,300,000. Long-term loan bears interest at the Bank of Canada prime rate per annum. Management estimated that the Fund would incur an estimated annual financing cost of $178,386 (2019-$192,175) associated with the loan.

During the year the Fund has not made any payment to the Government of Northwest Territories against the long-term loan.

		2020		2019
Government of Northwest Territories long-term loan, due in December 2027.	**$**	**9,616,947**	$	9,616,947

Estimated principal repayments are as follows:		
2021	$	1,373,850
2022		1,373,850
2023		1,373,850
2024		1,373,850
2025		1,373,850
Subsequent years		2,747,697
	$	**9,616,947**

10. Tangible capital assets

For the year ended March 31,	Land	Vessels and barges	Machinery and equipment	Capital work in progress	2020 Total	2019 Total
Cost						
Balance, beginning of the year	$ 1,630,302	$ 10,701,026	$ 997,143	$ 2,054,937	$ 15,383,408	$ 13,428,054
Addition during the year	582,541	1,706,086	93,438	19,924,652	22,306,717	4,627,316
Capitalized from capital work in progress				(1,799,524)	(1,799,524)	(2,671,962)
Balance, end of year	**2,212,843**	**12,407,112**	**1,090,581**	**20,180,065**	**35,890,601**	**15,383,408**
Accumulated amortization						
Balance, beginning of year	-	1,035,141	69,319	-	1,104,460	406,000
Annual amortization	-	757,675	72,705	-	830,380	698,460
Balance, end of year	**-**	**1,792,816**	**142,024**	**-**	**1,934,840**	**1,104,460**
Net book value	**$ 2,212,843**	**$ 10,614,296**	**$ 948,557**	**$ 20,180,065**	**$ 33,955,761**	**$ 14,278,948**

11. Prepaid expenses and deposits

	2020	2019
Insurance	$ **175,471**	$ 164,668
Other	**285,450**	291,129
	$ **460,921**	$ 455,797

Prepaid expenses other represents costs incurred in relation to spring and summer 2020 barging season contracts.

12. Inventory

	2020	2019
Fuel	$ **1,962,042**	$ 1,097,331
Parts and supplies	**293,309**	94,248
	$ **2,255,351**	$ 1,191,579

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, 2020 the Government of Northwest Territories made accumulated contribution of $7,907,334 (2019-$4,881,404).

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 has a contract with a customer since August 27, 2019 for the use of Nahidik vessel and use the services 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, or $8,600,000 in total.

The Fund has an agreement with Imperial Oil Limited (IOL) that is extended from January 1, 2020 to 2020 December 31. The Fund is required to deliver on average 12,200,000 litres of fuel to various outlets of IOL in the Northwest Territories at an average delivery price of $0.325 per litre. Total Fund estimate to earn total revenue of $3,900,000 from this contract in next fiscal year.

The Fund has a grant contribution agreement for the amount of $6,507,850 with the Government of Canada for construction of four double hulled barges to be received in the fiscal year ended March 31, 2021.

16. Contractual obligations

The Fund has an agreement with Offshore Recruiting Services Inc. (ORSI) starting January 1, 2020 to December 31, 2020. ORSI shall provide the Fund with services related to the recruitment and employment of all skilled, qualified and where required licensed personnel necessary for the marine transportation services which the Fund will be conducting during the 2020 shipping season. The contract amount entirely depends on the staffing requirements by the Fund for the season.

The Fund has an agreement with one supplier for construction of four double-hull barges for the total cost of $15,100,524. As of March 31, 2020 the Fund paid $10,365,269. The remaining amount of $4,735,255 shall be paid during the next fiscal year.

The Fund has an agreement with one shipping company to ship the four double-hulled barges to the Northwest Territories with the total estimated cost of $3,291,384 payable in the next fiscal year.

17. Prior period adjustment

Financial statements for the year ended March 31, 2019 were restated for property tax and land lease expenses, grant in kind, due to Government of Northwest Territories - Revolving fund, and for employee future benefits liabilities.

The impact of the restatements on the financial statements for the year ended March 31, 2019 are shown on the table below.

March 31, 2019	Previously reported	Adjustments	Restated
Statement of Operations and Deficit			
Interest on long-term loan	$ -	(192,175)	$ (192,175)
Grant contribution non cash	$ 283,775	(283,775)	$ -
Grant contribution	$ 510,513	4,736,457	$ 5,246,970
Property taxes	$ -	(821,794)	$ (821,794)
Fuel sales	$ 21,312,978	(9,197,549)	$ 12,115,429
Fuel costs	$ 21,116,116	(9,362,381)	$ 11,753,735
Office and administration	$ 262,400	164,832	$ 427,232
Wages and benefits	$ 2,333,512	(44,830)	$ 2,288,682
Annual surplus (deficit)	$ (4,104,440)	4,104,440	$ -
Deficit	$ (3,483,542)	3,483,542	$ -
Statement of financial position			
Accounts payable and accrued liabilities	$ (4,730,333)	(821,794)	$ (5,552,127)
Employee future benefits	$ (98,535)	44,830	$ (53,705)
Net financial debt	$ (19,404,867)	3,475,543	$ (15,929,324)
Accumulated Surplus (Deficit)	$ (3,483,543)	3,483,543	$ -
Accumulated Surplus (Deficit), begining of 2019 fiscal year	$ (620,897)	620,897	$ -

18. Cost of sales

	2020 Budget	2020 Actual	2019 Actual (restated)
Cargo delivery costs	$ **6,287,000**	$ **5,807,440**	$ 3,097,342
Fuel delivery costs	**10,076,000**	**14,620,778**	12,670,903
Fuel costs	**-**	**7,760,165**	11,753,735
Shipyard services costs	**169,000**	**2,302,541**	1,485,883
Charter services costs	**1,550,000**	**1,031,272**	1,236,386
Rental and other direct costs	**-**	**131,409**	110,138
	$ **18,082,000**	$ **31,653,605**	$ 30,354,387

19. Grant contribution cash

	2020	2019
Government of Canada		
Transport Canada - Ocean Protection Fund -75% of double hulled barges funding	$ 4,630,250	$ -
Low Carbon Economy Leadership Fund - capital expenditure for the refit of Jock McNiven Vessels	1,719,031	325,973
Government of Northwest Territories - Department of Infrastructure		
Operating losses incurred during 2018 and 2019 fiscal years	-	4,736,457
Operating losses incurred during 2020 fiscal years	2,870,320	-
Land acquisition	960,780	-
Capital expenditure for the refit of Jock McNiven Vessels	-	184,540
	$ 10,180,381	$ 5,246,970

20. Related party transactions

Accounts receivable from related parties are disclosed in note 5.
Accounts payable and accrued liabilities to related parties are disclosed in note 6.
Finance charges are disclosed in note

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

	2020	2019
Revenue		
Government of Northwest Territories		
Department of Environmental and Natural Resources	$ **129,944**	$ 85,209
Department of Infrastructure	**24,803**	8,963
Department of Infrastructure - Fuel Services Division	**8,633,805**	7,033,851
Beaufort Delta Education Council	**-**	10,092
Northwest Territories Health and Social Services Authorities	**3,277**	-
Northwest Territories Housing Corporation	**1,113**	46,971
Northwest Territories Power Corporation	**201,781**	108,949
	$ 8,994,723	$ 7,294,035
Cost of sales		
Government of the Northwest Territories - Department of Infrastructure - Fuel Services Division	**$ 1,590,557**	$ 1,522,280
Expenses - Government of the Northwest Territories - Department of Infrastructure- Finance charges	**$ 11,035**	$ 9,854

21. 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 $2,536,855 (2019 - $5,712,490). At March 31, 2020, the Fund's management has determined that $1,342,920 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 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, 2020, receivables from one customers comprised 96% of the total outstanding accounts receivables (2019 - from three customers - 82%). The risk considered low since the receivable is from a customer who considered creditworthy by the Fund management. The Fund reduces this risk by monitoring overdue balances.

Cash is held with one federally regulated chartered bank and is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Fund's cash is insured up to the limit. The Fund holds cash in excess of the insurable limit. The credit risk has not changed from the prior year.

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, 2020, the following accounts receivable were past due:

21. Risk management (continued)

	30 days	60 days	90 days	Total
Accounts receivable	$ 82,019	$ 17,378	$ 2,289,594	$ 2,388,991
Tax refund	-	74,879	-	74,879
Allowance for doubtful accounts	-	-	(1,342,919)	(1,342,919)
	$ 82,019	$ 92,257	$ 946,675	$ 1,120,951

(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 outflow should they arise.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of $45,382,771 (2019 - $43,992,196). Financial liabilities consist of 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 debt. All financial liabilities with the exception of the amounts due to the Government of Northwest Territories- long-term loan 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 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.

22. Comparative figures

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

66th Annual Report

2019-2020

NWT LIQUOR LICENSING BOARD

June 11th, 2020

Honourable Caroline Wawzonek
Minister Responsible for the NWT Liquor Licensing Board

Dear Honourable Minister Wawzonek:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Licensing Board's 2019 - 2020 Annual Report.

Sincerely,

Sandra Aitken
Chairperson

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Chairperson's Message

The Liquor Licensing Board completed its review of its policies and procedures, and the updated documents were loaded onto the LLB Database. The licence application forms and special occasion permit forms were simplified and streamlined, and were uploaded to the website in January 2020. This past year the Board worked with the Department of Finance to improve the website to generally make it more "user friendly" and to make it easier for applicants to determine which of the three liquor entities (Liquor Board, Liquor Enforcement or Liquor Commission) they need to contact. That work was completed in late 2019, and we trust that the website is now easier for applicants and licensees to navigate.

The Board continued to review the *Liquor Act* and *Liquor Regulations*, and made additional recommendations to the Department of Finance for changes that should make the licence application process easier, quicker, and less expensive for applicants. The Board suggested that the Department of Finance consider liquor services available in other jurisdictions to determine if they would be suitable for the Northwest Territories.

The Department of Finance was considering these recommendations when the landscape changed in March 2020 due to COVID-19. We all recognize how difficult these past few months have been for businesses generally, and certainly for our licence holders. Many of our clients reached out to the Board and to the Department of Finance to see if changes could be made to authorize liquor services that would allow businesses to continue to operate within the restrictions placed upon them by the directions of the Chief Public Health Officer. The Board worked with the Department of Finance and reviewed suggested changes to the *Liquor Regulations*. The Department facilitated changes to the provisions for off premises licences and home delivery for Class A and Class B establishments, to allow greater flexibility to licence holders and their customers. As this situation develops it may be necessary for the Board and the Department of Finance to be open to consider further administrative and legislative adjustments to enable licensees to weather the disruptions caused by the pandemic. Licence holders should continue to approach the Board and/or the Department of Finance if they have ideas for reforms that would help their businesses to continue operations until such time as the COVID-19 restrictions can be lifted.

The final few months of the 2019-20 reporting period, and the first months of the next were very difficult for our licence holders. We appreciate their forbearance, their understanding and their perseverance. They have come up with reasonable and innovative ideas, and have been very gracious with the Board and its staff. We truly hope to see them come through this very difficult time; they deserve good fortune.

Sincerely,

Sandra Aitken
Chairperson

Board Overview

The Northwest Territories Liquor Licensing Board (the Board) is established under subsection 2(1) of the Northwest Territories *Liquor Act*. The Minister of Finance appoints Board Members for a term of three years.

The Board is a regulatory and quasi-judicial administrative tribunal that is independent from government. The Board administers several parts of the NWT *Liquor Act* and the NWT *Liquor Regulations*.

The Liquor Licensing Board regulates:

- the issuance of Licences and Permits;
- liquor sales and service in restaurants, bars, and at special events; and
- the manufacture of liquor.

The Board also adjudicates alleged violations of liquor laws by Licence Holders.

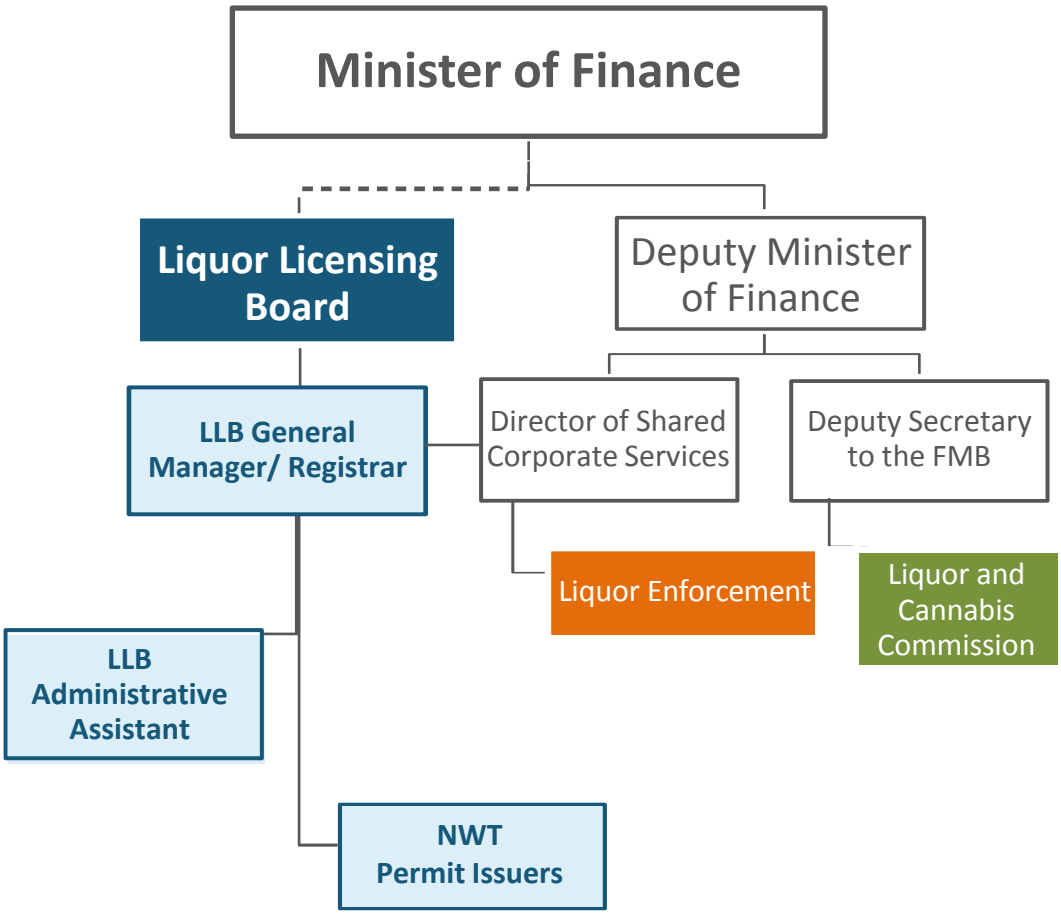
Board Members and Staff

Sandra Aitken - Chairperson *(Yellowknife)*
Adelle Guigon - Vice-Chairperson *(Yellowknife)*
Wayne Smith - Board Member *(Inuvik)*
Heather Bourassa - Board Member *(Fort Good Hope)*
Linda Martin - Board Member *(Fort Smith)*
June Tobin - Board Member (Hay River)
Jaimie Graham – General Manager/Registrar *(Hay River)*
Kesree Loutit – Administrative Assistant (*Hay River)*

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspections of licensed premises, educating Licence and Permit Holders, and enforcement of liquor laws and Board conditions.
- Liquor Commission – Purchasing and retail sales of liquor.

Each of the three liquor entities is established by the *Liquor Act* and is **independent from each of the other two.** The Board, while at arm's length from the Liquor Commission and Enforcement, often interacts with the others on matters of mutual interest.



Board Activity

In addition to communications in providing quarterly newsletters and maintaining an up-to-date online database, the Board also participated in meetings during this reporting period.

Total Meetings

Board Meeting Type	2019-2020	2018-2019
Orientation	1	0
Administrative	2	2
Teleconferences	3	12
Public Hearings	1	1
Compliance Hearings	0	1
Total	**7**	**16**

Administration and Orientation Meetings

There were two administrative meetings conducted on May 14-15, 2019 in Hay River and November 6-7, 2019 , in Yellowknife. The focus was website redesign to make Board information easier to find and to assist in creating a more user-friendly online experience. The Board also updated licence application forms and the application for a Special Occasion Permit, including the updating and creation of other Board documents, which are online and pdf fillable to assist applicants submit applications to the Board. The Board proposed legislative amendments to the GNWT Department of Finance, in order to modernize the Board-related provisions of the *Liquor Act* and its Regulations. Where possible, the Board meets by teleconference, but it also meets in person where other business such as compliance hearings are scheduled. There was a new Board Member in Hay River appointed to the Board, reflecting one orientation meeting held during this time period.

Licence Applications and Public Hearings

The Board must consider each application for a liquor licence and other specific requests. Most often these are conducted by teleconference, but there are times the Board must meet in person and/or conduct a public hearing of an application. During this reporting period, the Board conducted 3 teleconferences, which included consideration of licence applications and other requests. In addition, there was one Public Hearing conducted in Hay River on December 18, 2019.

Compliance Hearings

Where Liquor Enforcement alleges that a Licence Holder has failed to comply with the *Liquor Act* or a condition of their liquor licence, the matter may be brought before the Board for adjudication.

As with other administrative tribunals, the Board does not operate on a cost recovery basis, as applying that requirement could impact the rights of parties to fair and unbiased decision-making. As there is no cost recovery requirement for policing and the Courts, the cost of administering and enforcing the *Liquor Act* and its Regulations is always balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is that matters should be heard in a timely manner. A person accused of a statutory or regulatory infraction has the right to have the matter heard without undue delay. This can, on occasion, result in the need to ensure procedural fairness overrides financial considerations.

Should the Board find a Licence Holder is noncompliant, a monetary penalty may be ordered. A licence may also be suspended for up to one year, or cancelled.

During this reporting period, there were no compliance hearings conducted.

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in licensed premises and special events. The Board also regulates liquor manufacturers. A person, company or organization that holds a Liquor Licence is known as a Licence Holder. There are six types of Liquor Licences:

Class A (liquor primary) - allows a Licence Holder to sell liquor to patrons in a bar or similar business. The business must generate revenue primarily from the sale and service of liquor.

Class B (food primary) - allows a Licence Holder to sell liquor to patrons in a restaurant or similar business. The business must generate revenue primarily from the sale and service of meals.

Class C (mobile) - allows a Licence Holder to sell and serve liquor under one of three circumstances:

- Catering – where someone other than the Licence Holder hosts events at various locations, and the Licence Holder's primary source of revenue is derived from catering food.
- Ship – where the Licence Holder operates a ship that generates revenue primarily from the sale and service of food, entertainment or services related to tourism.
- Special Events – where the Licence Holder organizes special events from time to time, and revenue is primarily generated from the sale and service of entertainment.

Class D (liquor incidental) - allows a Licence Holder to sell and serve liquor under one of four circumstances:

- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, the RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge, and the sale or use of liquor is for its authorized patrons.
- Community, Recreational, Cultural Activities – the Licence Holder operates a facility that provides benevolent, philanthropic, charitable, religious, scientific, artistic, musical, literary, social, educational, recreational, sporting or other like activities, and the sale or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises, but has a mini-bar extension.

Manufacturing Licence - authorizes the Licence Holder to manufacture a specified type of liquor. The holder of a Manufacturing Licence may only sell its manufactured liquor to the

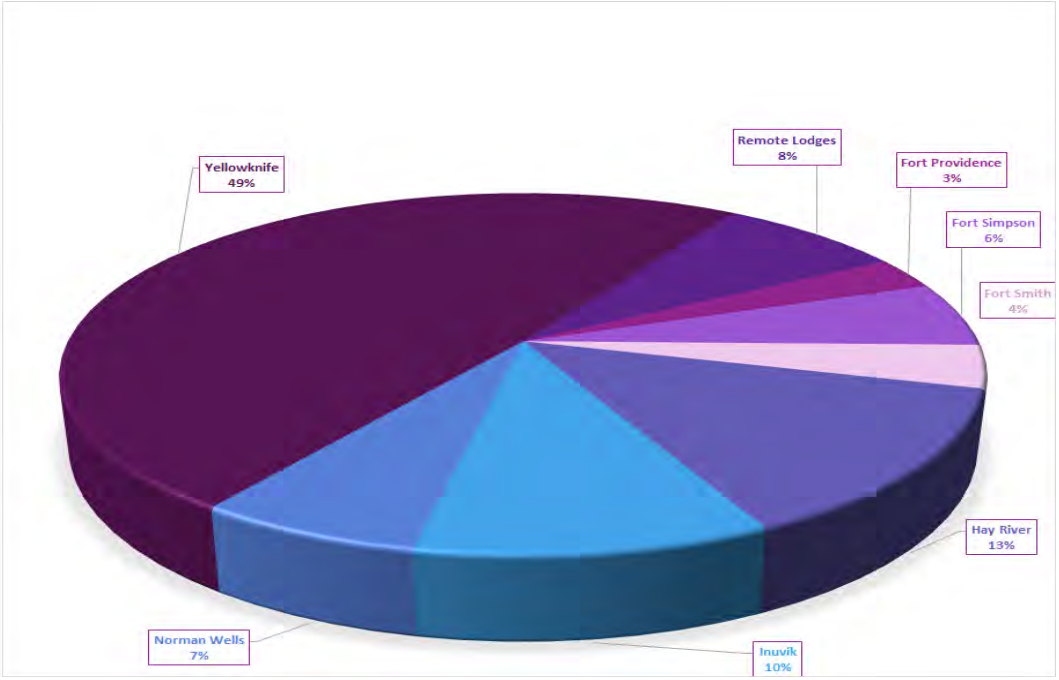
NWT Liquor and Cannabis Commission or to a liquor commission or other similar authority outside the Northwest Territories.

Manufacturer's Retail Outlet Licence - A Manufacturer's Retail Outlet Licence may only be issued to a person who holds a Manufacturing Licence. A Manufacturer's Retail Outlet Licence authorizes the Licence Holder to operate a retail outlet within the manufacturing facility in order to sell its own liquor to the public, including Licence and Permit Holders.

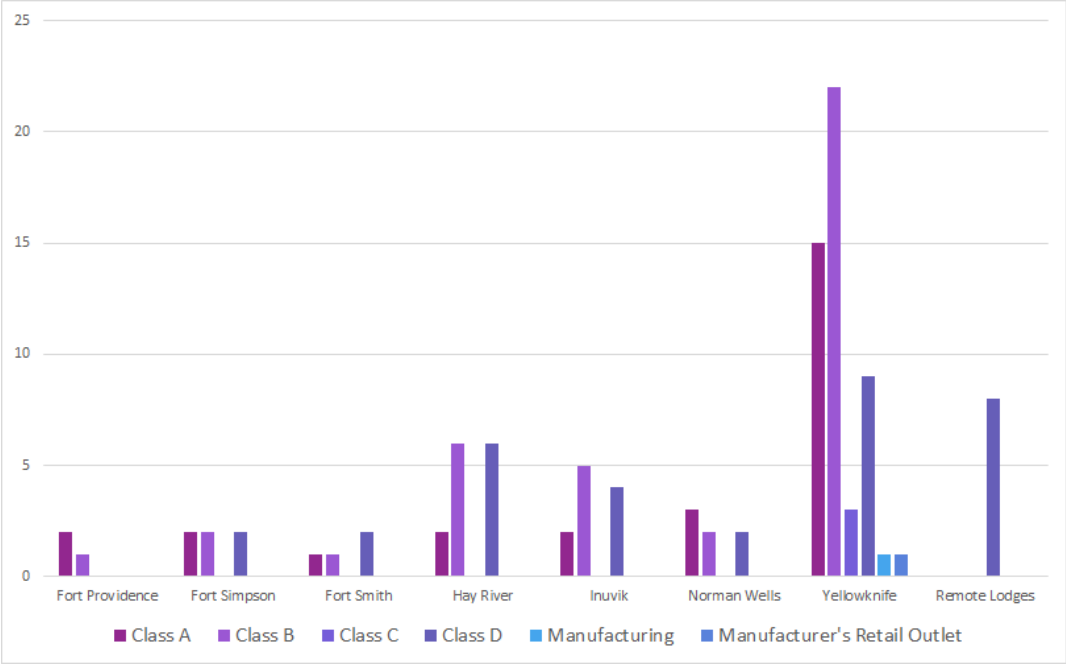
Total Liquor Licences

Community	Class A	Class B	Class C	Class D	MFG.	Retail Outlet	2019-20	2018-19
Fort Providence	2	1	0	0	0	0	3	3
Fort Simpson	2	2	0	2	0	0	6	6
Fort Smith	1	1	0	2	0	0	4	4
Hay River	2	6	0	6	0	0	14	15
Inuvik	2	5	0	4	0	0	11	11
Norman Wells	3	2	0	2	0	0	7	7
Remote Lodges	-	-	-	8	-	-	8	8
Yellowknife	15	22	3	9	1	1	51	52
Total	27	39	3	33	1	1	104	106

Total Liquor Licences % by Community



Total Liquor Licences Class/Community



Special Occasion Permits

There are three types of Special Occasion Permits (SOP's):

Class 1 - Anyone 19 years of age or older may apply for a Class 1 Permit. There must not be an admission charge for the event and liquor may not be directly or indirectly sold. A Class 1 permit is intended for events where liquor is given to guests such as a business "meet and greet" where wine is served, or a wedding reception with an open bar.

Class 2 (resale) - Anyone 19 years of age or older may apply for a Class 2 Permit. Liquor may be sold, but not for a profit. The Board sets the maximum amount a Permit Holder may charge for liquor, and presently, the limit is $4.00 per drink. This class of permit is intended for events where the organizer wants to provide liquor but does not want to give it away. The per-drink limit is intended to offset some of the organizer's costs.

Class 3 (fundraising) - Class 3 Resale Permits are available to organizations only, and not to individuals. Organizations eligible for a Class 3 permit include:

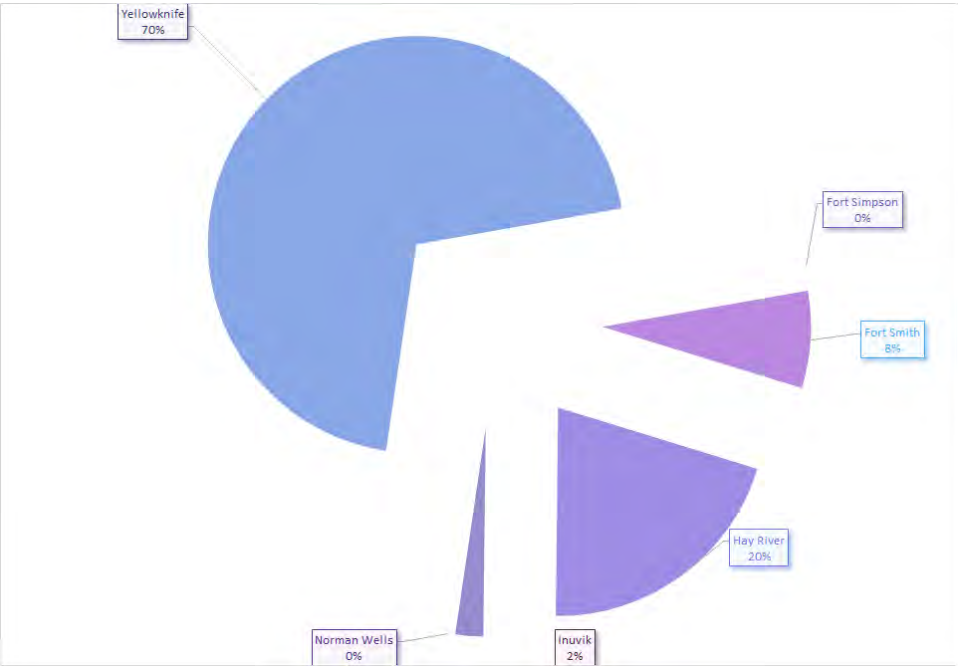
- a society incorporated under the *Societies Act*;
- a body incorporated under *Part II* of the *Canada Corporations Act*;
- a service club that holds a premises licence; or
- an unincorporated group of persons that:
    i. has been in existence for a period not less than six months before the date of application,
    ii. has an executive elected by its members, and
    iii. conducts a community, recreational or cultural activity, and does not carry on a trade or business for the pecuniary gain of its members.

After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which the proceeds will be put.

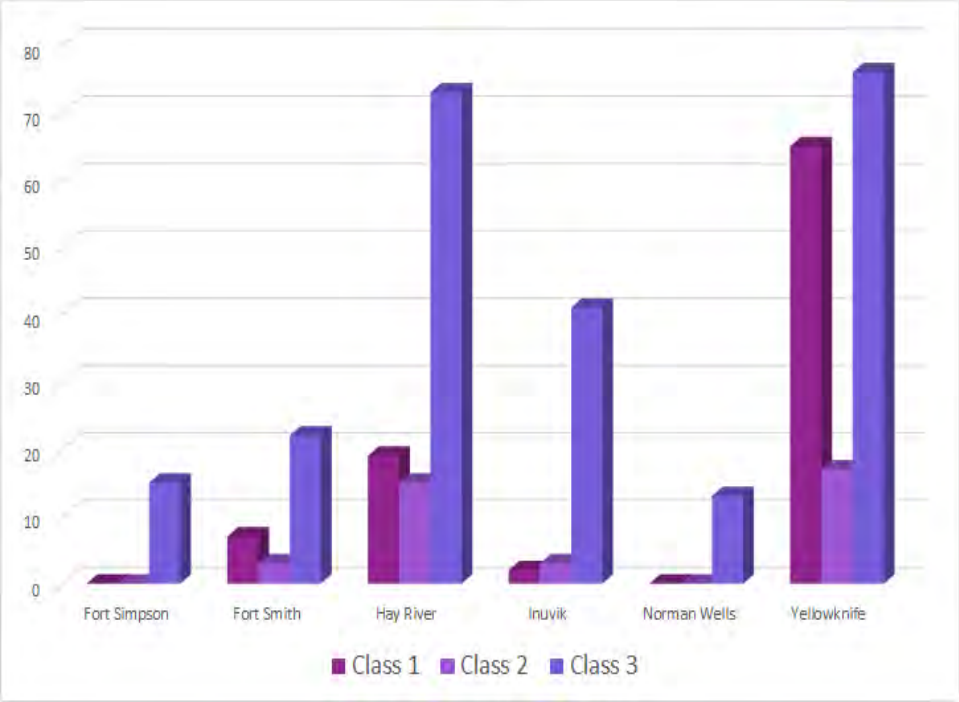
Total Special Occasion Permits

Community	Class 1	Class 2	Class 3	2019-20	2018-19
Enterprise	0	0	1	**1**	2
Fort Providence	0	0	3	**3**	4
Fort Resolution	1	0	0	**1**	1
Fort Simpson	0	0	15	**15**	19
Fort Smith	7	3	22	**32**	35
Hay River	19	15	73	**107**	81
Inuvik	2	3	41	**46**	42
Norman Wells	0	0	13	**13**	7
Yellowknife	65	17	76	**158**	183
Total	**94**	**38**	**244**	**376**	374

Special Occasion Permits % by Community



Special Occasion Permits Class/Community



Special Purpose Permits

A Special Purpose Permit authorizes a Permit Holder to possess and use liquor for a medicinal, scientific or other special purpose. All applications for Special Purpose Permits require the approval of the Liquor Licensing Board.

The Liquor Licensing Board may issue a Special Purpose Permit to:

- a medical practitioner, dentist, nurse practitioner, registered midwife or veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a facility that provides health services pursuant to the *Hospital Insurance and Health and Social Services Administration Act*, or a person in charge of a nursing home.

There are presently three Special Purpose Permits in effect.

Board Office

The Liquor Licensing Board office is located in Hay River.

NWT Liquor Licensing Board
Suite 204 - 31 Capital Drive
Hay River, NT X0E 1G2

Toll-free:1-800-351-7770
Phone: (867) 874-8715
Email: LLBinfo@gov.nt.ca
Website: www.fin.gov.nt.ca/services/liquor/liquor-licensing-board

Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

NORTHWEST TERRITORIES LIQUOR ENFORCEMENT ANNUAL REPORT 2019/2020

SUITE 204 – 31 CAPITAL DRIVE
HAY RIVER NT X0E 1G2
PH: 867 874 8719
Cell: 867 875 7898
FAX: 867 874 8722
TOLL FREE: 1 800 351 7770

ENFORCEMENT ACTIVITY

The Liquor Enforcement Division is responsible for ensuring compliance with the Northwest Territories Liquor Act, by supervising liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities.

Contracted liquor inspectors monitor the activities of licensed premises by conducting liquor inspections at irregular intervals at licensed premises and at licensed special occasion permit functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular liquor inspections, training courses, newsletters, and on-site visits from the Manager of Enforcement. The inspections program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be a lower risk (e.g. Restaurants).

The RCMP also conducts walkthroughs at licensed premises and at licensed special occasion permit functions. The frequency of RCMP inspections are not reported to Enforcement, however, violations are reported to Liquor Enforcement when found.

INSPECTION OF LICENSED PREMISES

Community	Inspections	
	2018-2019	2019-2020
Fort Providence	4	0
Fort Simpson	38	1
Fort Smith	108	87
Hay River	118	91
Inuvik	39	39
Norman Wells	0	4
Yellowknife	379	430
TOTAL	**686**	**622**

Fluctuations in the number of inspections performed are affected by the availability of the inspectors and vacancies in inspector positions.

SERVER TRAINING

Enforcement offers and conducts server training courses free of charge to licence holders, their staff, the general public and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can also order licence holders and their staff to take the course as a condition of their license. The server training course educates the license and permit holders on their responsibilities under the *Liquor Act and Regulations* and on-Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control, providing a safe environment and liability issues.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*. Licence holders also have access to a toll-free number for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act* and *Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

SERVER TRAINING COURSE PARTICIPANTS

Community	2018-2019	2019 - 2020
Fort Providence	14	0
Fort Simpson	0	0
Fort Smith	24	0
Hay River	52	23
Inuvik	0	0
Norman Wells	0	0
Yellowknife	315	80
Total	**405**	**103**

COMMUNITY STATUS

Communities in the Northwest Territories are able to choose whether or not they will permit alcohol to be brought into the community or if the quantity of alcohol will be restricted or unrestricted. For more information and details by community, please refer to the information below.

BACKGROUND:

Communities in the Northwest Territories are classed as either:

Unrestricted There are no restrictions beyond those that are described in the *Liquor Act* and Regulations.

Restricted The restriction may limit the quantity and/or frequency of alcohol brought into a community; limit the quantity and hours of sale at a liquor store or require individuals to seek prior approval from a community alcohol education committee to bring in a limited amount of alcohol into a community.

Prohibited There is a complete ban on alcohol being brought into the community.

CURRENT STATUS:

1. Unrestricted Communities

Aklavik	Fort Smith*	Sachs Harbour
Behchokö	Hay River*	Tsiigetchic
Colville Lake	Inuvik*	Wrigley
Enterprise	Jean Marie River	Yellowknife*
Fort Providence	Kakisa	
Fort Resolution	Norman Wells*	

*These communities have licensed premises and/or a liquor store/liquor warehouse.

2. Restricted Communities

Déline	Fort McPherson	Tuktoyuktuk
Dettah	Fort Simpson	Tulita
Fort Good Hope	Paulatuk	Uluhuktuk
Fort Liard	Saamba Ke	

There are **two** types of restrictions that can apply:

i) Through community options; or
ii) The Minister may impose a restriction on the operating hours of a liquor store and/or the amount of liquor to be purchased in a certain period.

Déline

No person shall bring into the restricted area, in any 24-hour period, within a radius of 25km of the Déline Got'ine Government John Tetso office building, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 1140 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Combinations do not apply to a person authorized by the Déline Got'ine Government to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special event.

Dettah

No person shall at any time have in his or her possession in, or in any month take into Dettah a quantity of liquor that is in excess of the following combinations:

a) Twelve 355 *ml* containers of beer and one 750 *ml* container of spirits; or
b) 4,500 *ml* of wine in sealed containers.

Fort Good Hope

No person shall bring into the restricted area, in any 24-hour period, within 25km of the Fort Good Hope Community Complex, a quantity of liquor in excess of one unit of liquor of the following types:

a) Type 1: 1140 *ml* of spirits and one dozen 355 *ml* containers of beer;
b) Type 2: 1140 *ml* of spirits and two *litres* of wine;
c) Type 3: one dozen 355 *ml* containers of beer and two *litres* of wine;
d) Type 4: two dozen 355 *ml* containers of beer and one *litre* of wine.

Fort Liard

No person shall purchase, sell or transport within a radius of 15km of the building in the Hamlet of Fort Liard commonly known as the Community Centre, more liquor in one week than any three units of the following types:

a) Type 1: 1140 *ml* of spirits;
b) Type 2: two dozen 355 *ml* containers of beer;
c) Type 3: two 750 *ml* containers of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the Municipal Council or Band Council where liquor shall be consumed at community dances.

Fort McPherson

No person shall bring into the restricted area, in any seven-day period, within a radius of 25km of the Tetlit Co-op Store of the Hamlet:

a) a quantity of spirits in excess of 2280 ml.
b) no person shall operate within the restricted area a vehicle having two or more occupants and transporting a quantity of spirits that exceed 4560ml.

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special occasion.

Fort Simpson

The restriction applies to the liquor store, no vendor shall, during a day, sell or attempt to sell any quantity of liquor to one person that exceeds

a) 1140 *ml* of spirits and 12 355 *ml* containers of beer;
b) 1140 *ml* of spirits and 2 *L* of wine;
c) 2 *L* of wine and 12 355 *ml* containers of beer;
d) 24 355 *ml* containers of beer and 1*L* of wine.

Paulatuk

No person shall bring into the restricted area, in any seven-day period, within a radius of 2km of the Paulatuk Hamlet Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 1140 *ml* of spirits and 12 355 containers *ml* of beer;
b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and 750 *ml* of spirits;
e) Combination 5: 1175 *ml* of spirits.

Sambaa Ke

No person shall bring into the restricted area, in any 24-hour period, within 15km of the Sambaa K'e Dene Band Administration Office, a quantity of liquor that exceeds the amount described in any one of the following combinations:

a) Combination 1: 750 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 750 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Tuktoyaktuk

No person shall bring into the restricted area or possess within the restricted area, at any time, within a 25 km of the Tuktoyaktuk Hamlet Office:

a) a quantity of spirits in excess of 2280 ml
b) within the restricted area, no person shall operate a vehicle
    - having one to three adult occupants and transporting a quantity of spirits that exceed 2280ml per adult occupant; or
    - having four or more adult occupants and transporting a quantity of spirits that exceeds 9120 ml.

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special event.

Tulita

No person shall bring into the residential area, in any 24-hour period, within a radius of 25km of the Tulita Dene Band Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 1140 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Ulukhaktok

No person shall bring into the restricted area, in any seven-day period, within a radius of 2 km from the Ulukhaktok Hamlet Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 200 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 200 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one 100 *ml* bottle of spirits;

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special event.

3. Prohibited Communities

Gamètì	Nahanni Butte	Whatì
Lutselk'e	Wekweètì	K'atl'odeeche First Nation

A prohibition may include the consumption, possession, purchase, sale or transport of liquor into a community. Any liquor being transported through a prohibited area must be sealed during the time the traveler is in the prohibited area.

Gamètì

Prohibited area lies within a 20 km of the building in Gamètì commonly known as the Gamètì School

Lutselk'e

Prohibited area lies within a radius of 25 km of the building in Lutselk'e commonly known as the Community Hall

Guests and other persons who does not reside within the Prohibited Area may sell and purchase liquor at the Frontier Fishing Lodge for consumption within the lodge or its immediate precincts. The owner/operator may transport, arrange for transport of liquor required to stock, provided that no seals on any of the liquor containers are broken

No person who is a resident of the prohibited area and who works in or is a guest of the lodge shall purchase, sell or consume any liquor in the prohibited area and in particular lodge.

Nahanni Butte

Prohibited area lies within a radius of 15km from the building in the community commonly known as the Old School.

Wekweètì

Prohibited area lies within a radius of 30 km from the Wekweètì Community Office Building.

Whatì

Prohibited area lies withing a radius of 25 km from the building in Whatì commonly known as the Mezi Community School.

K'atl'odeeche First Nation

K'atl'odeeche First Nation is prohibited under the *Indian Act* of Canada.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Financial Statements

Year ended March 31, 2020

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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March 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the 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.

Chairperson, NWT Liquor Licensing Board
June 30, 2020

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, 2020, 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, 2020, 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 Board'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 Board'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, 2020

Chartered Professional Accountants

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Financial Position

As at March 31, ($000)	2020	2019
Financial Assets		
Accounts Receivable	$ 5	$ 5
Due from NWT Liquor Commission (note 3)	61	104
Pension and other employee benefits (note 4)	34	20
	100	129
Financial Liabilities		
Accounts payable (Note 6)	70	111
Deferred revenue	30	26
	100	137
Net debt	-	(8)
Non-financial Assets		
Prepaid Expenses	-	8
Accumulated surplus	$ -	$ -

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

Approved by the Northwest Territories Liquor Licensing Board:

Sandra Aitken
Chairperson, Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Operations

For the year ended March 31, ($000)	2020 Budget	2020 Actual	2019 Actual
Revenue			
License fees and permits	$ 63	$ 53	$ 64
Government contribution – services provided without charge (note 6)	-	5	8
	63	58	72
Expenses (notes 5			
Salaries, wages and employee benefits	501	401	409
Honoraria	50	23	38
Inspector's fees	68	34	44
Rent	29	30	32
Travel	75	36	58
Professional fees	29	16	19
Administration	44	35	24
	796	575	624
Annual loss	$ (733)	$ (517)	$ (552)

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)	2020 Budget	2020 Actual	2019 Actual
Accumulated surplus, beginning of year	$ -	$ -	$ -
Annual loss	(733)	(517)	(552)
Amounts transferred from the NWT Liquor & Cannabis Commission	733	517	552
Increase (decrease) in accumulated surplus	-	-	-
Accumulated surplus, end of year	$ -	$ -	$ -

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Change in Net Debt

For the year ended March 31, ($000)	2020 Budget	2020 Actual	2019 Actual
Net debt, beginning of the year	$ (8)	$ (8)	$ (14)
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	8	8	6
Net debt, end of year	$ -	$ -	$ (8)

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)	2020	2019
Operating transactions		
Cash received from customers	$ 57	$ 66
Cash paid to employees and suppliers	(617)	(712)
Cash provided by operating transactions	(560)	(646)
Financing transactions		
Cash transferred from the NWT Liquor & Cannabis Commission	560	646
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, 2020 ($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, 2020, the Fund's assets exceeded the liabilities by $4,972 (2019 – $4,840).

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:

	2020	2019
Employer's contributions (recognized as expense)	$ 36	$ 39
Employee's contribution	34	38

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

	2020			2019		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation, beginning of the year	$ 5	$ 3	$ 8	$ 4	$ 3	$ 7
Current Service Costs	-	-	-	-	-	-
Interest Costs	-	-	-	-	-	-
Benefits paid	(12)	(7)	(19)	-	(2)	(2)
Actuarial (gain)/loss	13	7	20	1	2	3
Accrued benefit obligation, end of the year	$ 6	$ 3	$ 9	$ 5	$ 3	$ 8
Unamortized net acturial gain (loss)	(15)	(28)	(43)	(2)	(26)	(28)
Accrued Benefit (liability)/asset	$ (9)	$ (25)	$ (34)	$ 3	$ (23)	$ (20)

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, 2020 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, 2020 reflects management's best estimate based upon a number of future orientated assumptions including:

	2020	2019
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	2.7%	3.2%
Expected average remaining service life of related employee groups (EARSL)	8.3	8.3
Expected age at termination	58.7	59.2

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

2021	0
2022	0
2023	0
2024	0
2026	0
2027 and beyond	4
	$ 4

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		
	2020 Budget	2020 Actual	2019 Actual
Expenses (notes 6 and 7)			
Salaries, wages and employee benefits	$ 307	$ 203	$ 202
Inspector's Fees	54	29	20
Rent	17	17	18
Travel	18	11	28
Professional Fees	5	5	8
Administration	14	19	18
	415	284	294
Annual loss	$ (415)	$ (284)	$ (294)

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 $401 (2019 – $409) related to salaries, wages, and employee benefits for the Board's employees and $23 (2019 - $38) 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 $5 (2019 – $8). 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 $162 (2019 – $36) 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:

2020/21	$ 29
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, 2020

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor & Cannabis Commission (Commission) is the responsibility of the Commission's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Commission complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Commission, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, they also examines transactions that have come to their notice to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.

Peter Maher
Director, Liquor & Cannabis Operations
NWT Liquor & Cannabis Commission
June 30, 2020

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Statement of Financial Position

As at March 31, ($000)	2020	2019
Financial Assets		
Cash	$ 6,355	$ 5,460
Accounts receivable	97	21
Inventories for resale (note 3)	3,072	3,509
	9,524	8,990
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	4,437	3,976
Pension and other employee benefits (note 4)	54	70
Due to the NWT Liquor Licensing Board (note 5)	61	104
	4,552	4,150
Net Financial Resources	4,972	4,840
Non-Financial Assets		
Tangible capital assets (note 6)	626	742
Prepaid expenses	24	40
	650	782
Accumulated Surplus	$ 5,622	$ 5,622

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

Approved by the Northwest Territories Liquor & Cannabis Commission:

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Peter Maher
Director of Liquor & Cannabis Operations

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Statement of Operations

For the year ended March 31, ($000)	2020 Budget	2020 Actual	2019 Actual
Sales			
Beer	$ 19,576	$ 18,439	$ 20,148
Spirits	21,381	22,180	21,708
Wine	8,119	8,304	8,276
Coolers and Ciders	3,098	3,059	2,690
Cannabis	2,337	3,252	1,364
	54,511	55,234	54,186
Cost of goods sold			
Beer	8,162	7,616	8,244
Spirits	6,193	6,506	6,259
Wine	3,619	3,728	3,650
Coolers and ciders	1,211	1,348	1,187
Cannabis	1,609	2,052	812
	20,794	21,250	20,152
Gross profit on sales	33,717	33,984	34,034
Other income			
Government contribution - services provided without charge (note 7)	-	19	-
Import fees and Income	8	9	7
	8	28	7
Expenses (note 7)			
Commissions to agents - Liquor	6,474	6,119	6,609
Commissions to agents - Cannabis	483	494	243
Salaries, wages and employee benefits	1,009	1,014	997
Administration - Liquor	494	655	564
Administration - Cannabis	200	200	100
Travel	30	39	27
Rent	242	238	247
Amortization of tangible capital assets (note 6)	208	196	171
	9,140	8,955	8,958
Annual surplus	$ 24,585	$ 25,057	$ 25,083

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

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

For the year ended March 31, ($000)	2020 Budget	2020 Actual	2019 Actual
Accumulated surplus, beginning of the year	$ 5,622	$ 5,622	5,622
Annual surplus	24,585	25,057	25,083
Amounts transferred to the Consolidated Revenue Fund	(23,854)	(24,540)	(24,531)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(731)	(517)	(552)
Increase in accumlated surplus	-	-	-
Accumulated surplus, end of year	$ 5,622	$ 5,622	5,622

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

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

For the year ended March 31, ($000)	2020 Budget	2020 Actual	2019 Actual
Net financial resources, beginning of year	$ 4,840	$ 4,840	$ 4,996
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Net investment in tangible capital assets:			
Acquisitions	-	(80)	(344)
Amortization expense	208	196	171
Increase in prepaid expenses	-	16	17
Net financial resources, end of year	$ 5,048	4,972	$ 4,840

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)	2020	2019
Operating activities		
Cash received from customers	$ 55,167	$ 54,261
Cash paid to employees and suppliers	(29,226)	(27,446)
Cash provided by operating activities	25,941	26,815
Capital activities		
Purchase of tangible capital assets	(80)	(344)
Financing activities		
Cash transferred to the Consolidated Revenue Fund	(24,406)	(24,531)
Cash transferred to the NWT Licensing Board	(560)	(646)
Cash provided by financing activities	(24,966)	(25,177)
Increase in cash	895	1,294
Cash, beginning of year	5,460	4,166
Cash, end of Year	$ 6,355	$ 5,460

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

NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

Notes to Financial Statements

March 31, 2020 ($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, 2020 the Fund's assets exceeded the liabilities by $4,972 (2019 – $4,840).

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) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

3. Inventories for resale

		2020	2019
Spirits	$	993	$ 1,135
Beer		826	1,049
Wine		578	663
Coolers and ciders		158	141
Cannabis		518	521
	$	3,072	$ 3,509

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 (2019 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2019 – 1.01) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

		2020		2019
Commission's contributions (recognized as expense)	$	113	$	108
Employees' contribution		120		109

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

	2020			2019		
	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	$ 102	$ 15	$ 117	$ 92	$ 14	$ 106
Current Service Costs	3	1	4	4	1	5
Interest Cost	3	1	4	3	1	4
Benefits paid during the year	-	(30)	(30)	-	(33)	(33)
Actuarial (gain)/loss	(12)	29	17	2	33	35
Accrued benefit obligation, end of the year	$ 96	$ 16	$ 112	$ 101	$ 15	$ 117
Unamortized net acturial gain (loss)	(6)	(52)	(58)	(22)	(25)	(47)
Accrued benefit (liability)/asset	$ 90	$ (36)	$ 55	$ 79	$ (10)	$ 70

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, 2020 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, 2020 reflects management's best estimate based upon a number of future orientated assumptions including:

	2020	2019
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	2.7%	3.2%
Expected average remaining service life of related employee groups (EARSL)	8.3	8.3
Expected age at termination	59.2	59.2

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

2021	$ 44
2022	27
2023	14
2024	10
2025	6
2026 and beyond	18
	$ 119

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	2020	2019
Cost:					
Opening balance	$ 125	$ 1,136	$ 848	$ 2,109	$ 1,771
Acquistions	1	73	7	80	344
Disposals and write-downs	-	(293)	-	(293)	(6)
Closing balance	126	916	855	1,897	2,109
Accumulated Amortization:					
Opening balance	(109)	(804)	(454)	(1,367)	(1,202)
Amortization	(6)	(157)	(33)	(196)	(171)
Disposals and write-downs	-	293	-	293	6
	(115)	(668)	(487)	(1,270)	(1,367)
Net book value	$ 10	$ 248	$ 368	$ 626	$ 742

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 $1,014 (2019 – $997) 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 $19 (2019 – $0). 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 $157 (2019 – $169) for bottle deposits payable to the Department of Environment and Natural Resources, $128 (2019 – $370) for salaries, wages, and employee benefits payable to the Department of Finance, and $1,682 (2019 - $1,826) 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:

2020/21	$ 243
2021/22	$ 141
2022/23	$ NIL
2023/24	$ NIL
2024/25	$ 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, 2020

Fuel Services Division

Financial Statements

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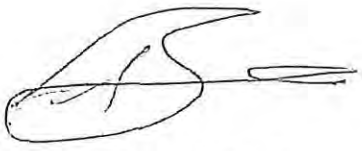
Management's Responsibility for Financial Reporting

To the Minister of Infrastructure
Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Fuel Services Division revolving fund (the "*Fund*").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



Lorne Browne, Director
Fuel Services Division
Yellowknife, Northwest Territorie
August 24, 2020

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Independent Auditors' Report

To the Minister of Infrastructure
Government of the Northwest TerritoriesFuel Services Division

Opinion
We have audited the financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net financial 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, the accompanying financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2020, and its results of operations, changes in net financial debt, statement of accumulated deficit, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Government 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.

Crowe

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 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.

Crowe Mackay LLP

Yellowknife, Canada
August 24, 2020

Chartered Professional Accountants

Fuel Services Division

Statement of Financial Position

March 31,	2020	2019
Financial Assets		
Accounts receivable (note 5)	$ **16,666,897**	$ 12,948,359
Inventory for resale (note 6)	**30,777,250**	27,263,216
	47,444,147	40,211,575
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	**6,249,652**	7,580,629
Employee future benefits payable (note 8)	**215,578**	236,604
Due to the Government of the Northwest Territories (note 9)	**41,983,527**	33,254,131
	48,448,757	41,071,364
Net Debt	$ **(1,004,610)**	$ (859,789)
Non-financial Assets		
Prepaid expenses	**4,611**	9,789
Accumulated Deficit	$ **(999,999)**	$ (850,000)

Subsequent events (note 10)

Commitments (note 11)

Approved

Lorne Browne
Director
Fuel Services Division

Renalyn Pascua-Matte,
Comptroller
Fuel Services Division

Fuel Services Division

Statement of Changes in Net Financial Debt

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual
Annual deficit	$ (200,000)	$ **(149,999)**	$ (1,134,512)
Change in prepaid expenses	-	**5,178**	(9,789)
Increase in net financial debt	(200,000)	**(144,821)**	(1,144,301)
Net debt, beginning of year	684,000	**(859,789)**	284,512
Net debt, end of year	$ 484,000	$ **(1,004,610)**	$ (859,789)

Fuel Services Division

Statement of Operations

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual
Revenues			
Sales of petroleum products (note 12)	$ 37,500,000	$ **42,786,266**	$ 40,563,079
Cost of sales			
Cost of goods sold (note 6)	30,850,000	**35,233,898**	34,692,146
Loss due to evaporation	-	**276,565**	138,745
Commissions	2,500,000	**2,330,052**	2,443,699
	33,350,000	**37,840,515**	37,274,590
Gross margin	4,150,000	**4,945,751**	3,288,489
Gross margin percentage	11.1 %	**11.6 %**	8.1 %
Expenses			
Bad debts	-	**136,267**	15,992
Contracts and purchased services	-	**1,074,604**	724,706
Operating and maintenance costs	2,350,000	**2,706,186**	776,761
Miscellaneous	-	**90,122**	30,292
Salaries, wages and employee benefits	2,000,000	**2,243,723**	1,918,311
Travel	-	**526,623**	373,580
Utilities	-	**524,038**	513,132
	4,350,000	**7,301,563**	4,352,774
Annual deficit before Other items	(200,000)	**(2,355,812)**	(1,064,285)
Other revenue (expenses)			
Grant contribution (note 13)	-	**2,313,516**	-
Grant-in-kind, Government assets provided at no cost (note 14)	-	**2,540,034**	2,772,168
Tangible capital assets - rent expenses (note 14)	-	**(1,672,661)**	(2,038,512)
Financing charges (note 14)	-	**(867,373)**	(733,656)
Other revenues and expenses (note 15)	-	**(107,703)**	(70,227)
	-	**2,205,813**	(70,227)
Annual deficit	$ (200,000)	$ **(149,999)**	$ (1,134,512)

Fuel Services Division

Statement of Accumulated Surplus (Deficit)

For the year ended March 31,		2020	2019
Accumulated surplus (deficit), beginning of year	$	**(850,000)**	$ 284,512
Annual deficit		**(149,999)**	(1,134,512)
Accumulated deficit, end of year	$	**(999,999)**	$ (850,000)

See accompanying notes

Fuel Services Division

Statement of Cash Flows

For the year ended March 31,	2020	2019
Cash provided by (used for)		
Operating activities		
Annual deficit	$ **(149,999)**	$ (1,134,512)
Change in non-cash working capital items		
Accounts receivable	**(3,718,538)**	(3,912,358)
Inventory for resale	**(3,514,034)**	(321,177)
Accounts payable and accrued liabilities	**(1,330,977)**	2,620,331
Employee future benefits payable	**(21,026)**	26,011
Due to the Government of the Northwest Territories	**8,729,396**	2,731,494
Prepaid expenses	**5,178**	(9,789)
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, 2020 is a deficit of $999,999 (2019 - deficit of $850,000).

2. COVID-19

During the year there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. 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.

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 Fund relies on suppliers and vendors located outside of the Northwest Territories for some services, such as fuel transportation services. Due to Northwest Territories border restrictions and self-isolation requirements upon entry, it is expected that there will be additional costs to using vendors and suppliers from outside the Northwest Territories. The economic shutdown has resulted in less demand for fuel in particular Jet A1. This will affect revenue and commission expenses. There is no meaningful way to measure the impact at this time.

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.

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 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 14.

(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 14.

(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 $133,420 (2019-$118,747) to the plan which was recognized as an expense while employees contributed $103,725 (2019-$129,371). 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 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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met.

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 (j).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments
- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies
- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- 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
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

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, 2022. 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, 2021 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

	2020	2019
Non-Government	$ 4,062,375	$ 2,429,548
Government of Canada	19,308	14,768
Government of Canada - Goods and services tax	104,059	-
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	752	2,137
Health and Social Services Authorities	12,430	4,011
Marine Transportation Services	1,557,695	-
Northwest Territories Housing Corporation	1,677,168	1,422,794
Northwest Territories Power Corporation	7,332,890	7,354,213
Tlicho Community Services	2,586	998
Departments		
Department of Education, Culture and Employment	241,321	164,829
Department of Environment and Natural Resources	2,181	4,454
Department of Infrastructure	419,813	535,142
Local (Municipalities, Community Governments)	1,374,566	1,019,445
	16,807,144	12,952,339
Less: Allowance for doubtful accounts	140,247	3,980
	$ 16,666,897	$ 12,948,359

6. Inventories for resale

	2020	2019
Diesel	$ **23,868,679**	$ 21,860,375
Gasoline	**4,371,644**	3,418,675
Jet A1	**2,488,707**	1,917,164
Naphtha	**48,220**	67,002
	$ **30,777,250**	$ 27,263,216

Inventory in the amount of $35,233,898 (2019 - $34,692,146) was expensed during the year.

An inventory write-down of $276,565 (2019 - $138,745) 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 $389,658 (2019 - $889,988) was expensed during the year. This represents a reduction in the net realizable value for diesel and gasoline products in Paulatuk and Ulukhaktok. Due to extraordinary weather conditions, fuel for those two communities was transported by air rather than by barge during the year, resulting in significant additional transportation costs which were not passed on to the customers in those communities.

7. Accounts payable and accrued liabilities

	2020	2019
Non-Government	$ **5,290,756**	$ 6,016,766
Government of Canada	**38,361**	379,263
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	**70,535**	30,180
Marine transportation Services	**850,000**	1,154,420
	$ **6,249,652**	$ 7,580,629

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, 2020. The effective date of the next actuarial valuation is March 31, 2022.

	2020	2019
Removal Benefits	$ **30,270**	$ 36,473
Resignation Benefits	**24,358**	63,129
Sick Leave Accrual	**18,346**	25,891
Special Leave Accrual	**1,440**	2,251
Annual Leave Accrual	**108,507**	81,161
Lieu Time Accrual	**32,657**	27,699
	$ **215,578**	$ 236,604

The discount rate used in the 2020 fiscal year to determine the accrued benefit obligation was an average of 2.7% (2019 - 3.2%). The expected payments during the next five fiscal years are follow:

	Severance and Removal	Compensated Absences	Total
2021	$ 17,563	$ 5,064	$ 22,627
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
2026-2030	7,726	2,890	10,616
	$ 51,453	$ 18,307	$ 69,760

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:

	2020	2019
Balance, beginning of year	$ **30,940,615**	$ 30,522,638
Plus: Payments made by the Government		
Purchases of petroleum products	**39,155,838**	37,457,022
Other cash disbursements	**6,973,642**	1,926,022
Less: Cash paid to the Government of Northwest Territories	**(35,086,568)**	(36,651,551)
	$ **41,983,527**	$ 33,254,131

10. Subsequent events

Subsequent to year end the Fund entered into new fuel dispensing contract with The Holman Eskimo Co-Operative Limited in Ulukhaktok that expires on May 26, 2023, an extended fuel dispensing contract for one optional year with Great Bear Co-operative Association and with Ikahuk Co-operative Limited in Deline and in Sachs Harbor communities respectively. The estimated commitment increase of $2,088,309 from signing these contracts is accounted in note 11.

11. Commitments

Fuel resupply contracts
The Fund has entered into contracts with Bluewave Energy Ltd., Imperial Oil Limited, Bassett Petroleum Distributors, Cryopeak LNG Solutions Corporation, E Grubens Transport Ltd., AFD Petroleum Inc., and Matonabee Petroleum Ltd. 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 September 2020 and the latest contract terminates in December 2022.

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 $34,871,608 (2019-$47,859,518) as follows:

2021	$ 26,602,477
2022	7,118,568
2023	982,850
2024	167,713
	$ 34,871,608

12. Sales of petroleum products

	2020	2019
Non-Government	$ 9,927,617	$ 9,020,332
Government of Canada	49,361	78,794
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	24,410	21,388
Health and Social Services Authorities	54,568	43,872
Northwest Territories Housing Corporation	3,428,102	2,914,568
Northwest Territories Power Corporation	23,235,240	22,199,223
Tlicho Community Services Agency	11,697	9,597
Marine Transportation Services - Revolving Fund	1,590,557	1,522,280
Departments		
Department of Education, Culture and Employment	820,602	811,537
Department of Environment and Natural Resources	18,139	22,750
Department of Infrastructure	319,324	241,769
Local (Municipalities, Community Governments)	3,306,649	3,676,969
	$ 42,786,266	$ 40,563,079

13. 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.

14. Grant in kind

Financing charges
Management estimated that the Fund required up to $44 million (2019 - $40 million) in working capital with an estimated annual financing cost of $867,373 (2019 - $733,656).

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	**2020**	2019
Fuel storage facilities	$ 60,602,141	$ 29,439,252	$ 31,162,888	$ 32,610,968
Fuel delivery vehicles	4,969,353	3,254,878	1,714,476	1,433,420
Construction in process	215,743	-	215,743	171,968
Buildings	870,138	129,017	741,121	762,378
Assets under capital lease	1,374,941	1,374,941	-	310,470
	$ 68,032,316	$ 34,198,088	$ **33,834,228**	$ 35,289,204

Rent expense for 2020 is $1,672,661 (2019 - $2,038,512).

15. 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:

	2020	2019
Other revenues		
Department of Infrastructure - Government transfer	$ -	$ 1,510,706
Northwest Territories Power Corporation - Tank maintenance	-	280,000
Recovery of prior year expenses	**104,495**	39,935
Other recoveries	**177,460**	119,120
	281,955	1,949,761
Other expenses		
Marine Transportation Services - Demurrage	-	(1,130,000)
Write-down of inventory to net realizable value (note 5)	**(389,658)**	(889,988)
	(389,658)	(2,019,988)
	$ **(107,703)**	$ (70,227)

16. 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 12.

Significant expenses incurred from related parties are as follows:

	2020	2019
Government of the Northwest Territories		
Department of Infrastructure - Cost of goods sold	$ **8,633,805**	$ 5,672,460
Department of Infrastructure - Contracts and purchased services	**537,707**	84,492
Northwest Territories Power Corporation - Utilities	**337,096**	497,374
Marine Transportation Services - Other expenses (Demurrage fees)	-	1,130,000
	$ **9,508,608**	$ 7,384,326

17. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below.

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 $16,666,897 (2019 - $12,948,359). At March 31, 2020, the Fund's management has determined that $140,247 (2019 - $3,980) 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, 2020, receivables from three customers comprised 80% of the total outstanding accounts receivables (2019 - 69%). 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, 2020, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
Accounts receivable	$ 6,193,037	$ 1,305,143	$ 1,973,191	$ 9,471,371
Allowance for doubtful accounts	-	-	(140,247)	(140,247)
	$ 6,193,037	$ 1,305,143	$ 1,832,944	$ 9,331,124

17. 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 $48,448,757 (2019 - $41,071,364). 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.

18. Budget information

The budget figures are from the 2019-2020 Main Estimate approved by the Legislative Assembly of the Northwest Territories and are unaudited.

19. Comparative figures

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

PUBLIC STORES REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2020

(Unaudited)

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 2020						
Public Stores	Balance March 31, 2019	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2020
Yellowknife	177,179			0		177,179
	SAM	172,962	(122,605)		0	50,358
	177,179	172,962	(122,605)	0	0	227,537

Prepared By: Sharon Cormier

Approved By: _____

10/1/2020

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2020

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2020 **Page**

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Management's Responsibility for Financial Reporting

To the Minister of Infrastructure
Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Yellowknife Airport Revolving Fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

Randy Straker, Regional Airport Manager
Yellowknife Airport Revolving Fund
Yellowknife, Northwest Territories
July 29, 2020

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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, 2020, 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, 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 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, 2020 and March 31, 2019 and payroll liabilities, employee future benefits, net financial assets, and accumulated surplus as at April 1 and March 31 for both the 2020 and 2019 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 the Government of the Northwest Territories ("the Government") 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 2020 and 2019 years and amortization expense and annual surplus for the years ended March 31, 2020 and March 31, 2019. 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.

The Yellowknife Airport Revolving Fund has $497,290 of inventory held for use. We did not observe the inventory count and we were not able to satisfy ourselves concerning the quantity of inventory by alternative means. As a result, we were unable to determine whether any adjustments might be necessary in respect to the reported amounts of inventory held for use, materials and supplies expense, revenue in excess of expenses, and changes in net financial assets.

Crowe

Independent Auditors' Report (continued)

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Yellowknife Airport Revolving Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

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

Crowe

Independent Auditors' Report (continued)

Auditors's Responsibilities for the Audit of the Financial Statements (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 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 29, 2020

Chartered Professional Accountants

Statement of Financial Position

As at March 31,	2020	2019 Restated
Financial Assets		
Accounts receivable (Note 5)	**$ 1,551,364**	$ 2,169,044
Due from the Government of the Northwest Territories (Note 6)	**14,226,513**	9,120,917
	15,777,877	11,289,961
Liabilities		
Accounts payable and accrued liabilities	**1,423,556**	997,060
Deferred revenue (Note 8)	**9,012,200**	5,478,288
Employee future benefits (Note 9)	**275,876**	329,148
Security deposits	**81,769**	81,769
	10,793,401	6,886,265
Net Financial Assets	**4,984,476**	4,403,696
Non-Financial Assets		
Inventories held for use	**497,290**	241,389
Tangible capital assets (Note 10)	**39,989,813**	24,992,399
Prepaid expenses	**6,421**	6,069
	40,493,524	25,239,857
Accumulated Surplus	**$ 45,478,000**	$ 29,643,553

Commitments (Note 14)
Contractual Rights (Note 15)

Approved:

July 27, 2020

Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets

For the year ended March 31,	Budget (Unaudited)	2020	2019 Restated
Annual Surplus	$ 331,541	**$ 15,834,448**	$ 4,228,570
Change in prepaid expenses	-	**(352)**	(6,069)
Change in inventories held for use	-	**(255,902)**	(156,775)
Contribution of tangible capital assets	-	**(12,053,851)**	(3,130,989)
Acquisition of tangible capital assets	-	**(5,646,191)**	-
Amortization of tangible capital assets	2,342,000	**2,702,628**	908,145
Increase in Net Financial Assets	2,673,541	**580,780**	1,842,882
Net Financial Assets, beginning of year	4,403,696	**4,403,696**	2,560,814
Net Financial Assets, end of year	$ 7,077,237	**$ 4,984,476**	$ 4,403,696

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus

For the year ended March 31,	Budget (Unaudited)	2020	2019 Restated
Revenue			
Aeronautical revenue (Note 19)	$ 7,205,000	**$ 6,905,123**	$ 7,207,937
Non-aeronautical revenue (Note 19)	3,448,000	**3,149,068**	3,224,224
	10,653,000	**10,054,191**	10,432,161
Government transfers (Note 11)		**13,833,577**	1,575,012
Airport improvement fees	4,646,000	**2,173,461**	1,525,404
	15,299,000	**26,061,229**	13,532,577
Expenses (Note 20)			
Airport capital	2,342,000	**2,738,507**	908,145
Finance and administration	1,917,000	**1,394,498**	2,471,464
Operations and maintenance	3,891,000	**3,652,620**	3,488,542
Safety and security	2,848,000	**2,702,628**	2,535,747
	10,998,000	**10,488,253**	9,403,898
Operating Surplus before other items	4,301,000	**15,572,976**	4,128,679
Other Items			
Grant-in-kind, Occupancy costs (Note 12)		**1,221,058**	1,153,933
Occupancy costs (Note 12)		**(1,221,058)**	(1,153,933)
Recovery of prior year expenses		**261,472**	99,891
	-	**261,472**	99,891
Annual Surplus	4,301,000	**15,834,448**	4,228,570
Accumulated Surplus, beginning year			
As previously stated	-	**35,121,840**	28,131,250
Correction of accounting error (Note 18)	-	**(5,478,288)**	(2,716,267)
As restated	29,643,552	**29,643,552**	25,414,983
Accumulated Surplus, end year	$ 33,944,552	**$ 45,478,000**	$ 29,643,553

Yellowknife Airport Revolving Fund

Statement of Cash Flows

For the year ended March 31,	2020	2019 Restated
Cash provided by (used in)		
Operating activities		
Operating Surplus	**$ 15,834,448**	$ 4,228,570
Items not affecting cash:		
Amortization	**2,702,628**	908,145
Government transfer - tangible capital assets	**(12,053,851)**	(1,575,012)
	6,483,225	3,561,703
Changes in non-cash assets and liabilities		
Accounts receivable	**617,680**	338,245
Inventories held for use	**(255,901)**	(156,775)
Accounts payable and accrued liabilities	**426,495**	101,857
Deferred revenue	**3,533,912**	2,762,021
Employee future benefits	**(53,272)**	(82,382)
Prepaid expenses	**(352)**	(6,069)
Due from the Government of the Northwest Territories	**(5,105,596)**	(4,962,625)
Cash from operating activities	**5,646,191**	1,555,975
Capital activity		
Acquisition of tangible capital assets	**(5,646,191)**	(1,555,975)
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. 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 has been in contact with the Government to address the lost revenues and the possibility to recoup the lost fees from the Government directly.
- 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.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

(a) Cash

The Fund does not maintain a bank account. All funds received are recorded and deposited to the Government's general bank account and are maintained by the Government's Treasury. Similarly, all payments for the Fund are made from the Government's general bank account. The balance in Treasury attributable to the Fund is reflected in the financial statements as amount due from the Government and is disclosed in note 6.

(b) Revenue recognition

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

3. Significant accounting policies (continued)

(d) Tangible capital assets

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government and were transferred to the fund at July 1, 2017, April 1, 2018 and April 1, 2019 at their carrying amounts, accordingly the tangible capital assets are reflected in these financial statements. The Fund amortizes the tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years straight line, no salvage
Water/sewer works	15-25 years straight line, no salvage
Machinery, equipment and vehicles	5-15 years straight line, no salvage
Airstrips/Runways	10-40 years straight line, no salvage

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.

3. 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 $308,941 (2019 - $300,086) 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.

3. 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, 2020.

(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

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
- NWT Sports and Recreation
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- NWT Environmental Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

4. Future accounting changes

(a) Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2022. The impact of the transition to these accounting standards has not yet been determined.

(b) Revenue, Section PS 3400

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

5 Accounts receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2020	Net 2019
Accounts receivable	$ 1,774,420	$ (223,056)	$ 1,551,364	$ 2,169,044

6. Due from the Government of the Northwest Territories

The amount due from the Government of the Northwest Territories represents the balance attributable to the Fund held by the Government Treasury. The changes in the Fund's balance is as follows:

	2020	2019
Balance, beginning of year	$ 9,120,917	$ 4,365,662
Add: Cash received by Treasury on behalf of the Fund	27,506,867	16,857,843
Less: Payments made by Treasury on the Fund's behalf	(22,401,271)	(12,102,588)
Balance, end of year	$ 14,226,513	$ 9,120,917

The funds held by the Government Treasury are part of the consolidated revenue fund and are non-interest bearing.

7. Airport improvement fees

The GNWT, acting on behalf of the Fund, entered into a Memorandum of Agreement ("the Agreement") dated July 1, 2017 with Signatory Air Carriers operating from the 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 $20 per departing passenger.

Airport improvement fee summary since implementation, July 1, 2017:

	2020	2019
Cumulative AIF revenue	$ **11,107,124**	$ 6,991,826
Cumulative AIF expenditures	**(3,687,000)**	(1,513,538)
Surplus of revenue over expenditures	$ **7,420,124**	$ 5,478,288

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

8. Deferred revenue

Deferred revenue is comprised of:

	2020	2019
Airport improvement fees	$ **7,420,124**	$ 5,478,288
Government transfers	**1,592,076**	-
	$ **9,012,200**	$ 5,478,288

9 Employee future benefits

The employee future benefits liability is as follows:

	2020	2019
Ultimate removal	$ **25,685**	$ 55,565
Severance	**17,182**	75,421
Sick leave	**29,418**	6,974
Special leave	**2,877**	(2,320)
Annual leave and lieu time	**200,714**	193,508
	$ **275,876**	$ 329,148

Removal benefits are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2020. The effective date of the next actuarial valuation is March 31, 2021.

10. Tangible capital assets

	Cost	Accumulated Amortization	March 31, 2020	March 31, 2019
Buildings	$ 30,264,510	$ 2,271,506	$ 27,993,004	$18,192,463
Water/sewer works	453,919	71,987	381,932	411,767
Machinery, equipment and vehicles	6,283,545	1,001,710	5,281,835	3,766,447
Airstrips/runways	4,222,175	1,156,167	3,066,008	2,075,330
Work in progress	3,267,034	-	3,267,034	546,392
	$ 44,491,183	$ 4,501,370	$ 39,989,813	$24,992,399

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

11. Government transfers

The Fund received and recorded as revenue the following grants:

Received from	Type of transfer	Project	2020	2019
Canadian Air Transport Security Authority	Capital	Baggage Handling System	$ 1,779,726	$ -
Government of Northwest Territories	Capital	Tangible capital assets	12,053,851	1,575,012
			$ 13,833,577	$ 1,575,012

Schedule 1 provides a breakdown of the contributed tangible capital assets. The tangible capital assets were transferred at the Government's carrying amount.

12. Grant In Kind

Cost allocations recorded by the Fund relate to the utility costs associated with the Airport facilities incurred by the Department of Infrastructure, and recognized as occupancy costs and a grant in kind from the Government. The utilities are based on actual costs to the Department of Infrastructure.

13. Budget Information

The budget figures are from the 2019-2020 Main Estimate approved by the Legislative Assembly of the Northwest Territories and are unaudited.

14. Commitments

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2020 the commitments amounted to $2,306,561. The annual payments for these commitments are as follows:

	2021	2022	2023	2024	2025 and subsequent years
Equipment leases	$ 1,929	$ 1,929	$ 1,929	$ -	$ -
Equipment	35,208	-	-	-	-
Service contracts	1,501,197	296,352	94,213	63,576	5,333
Construction projects	304,894	-	-	-	-
	$ 1,843,228	$ 298,281	$ 96,142	$ 63,576	$ 5,333

15. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Fund's contractual rights arise because of contracts entered into for leases and licenses. The contractual rights of the Fund are as follows:

	2021	2022	2023	2024	2025 and subsequent years
Leases	$ 2,037,368	$ 1,921,761	$ 1,665,609	$ 1,644,017	$ 50,464,915
Licenses	226,638	164,372	104,645	68,758	1,287,959
	$ 2,264,006	$ 2,086,133	$ 1,770,254	$ 1,712,775	$ 51,752,874

16. Comparative Amounts

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

17. Risk management

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

(a) Credit risk
Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable and due from the Government of the Northwest Territories.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of $15,777,877 (2019 - $11,289,961). 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, 2020, the accounts receivable past due are as follows:

	30 days	60 days	90 days	Over 120 days	Total
Accounts receivable	$ 1,434,263	$ 28,176	$ 71,001	$ 240,980	$ 1,774,420

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 $223,056 (2019 - nil).

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, 2020, receivables from two (2019 - five) customers comprised 40% (2019 - 63%) 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 $10,793,401. Financial liabilities consist of accounts payable and accrued liabilities. All of the Fund's financial assets and financial liabilities as at March 31, 2020 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 14.

18. Correction of accounting error

During the year it was determined that Airport Improvement Fees are restricted revenues and as such should be deferred and recognized as revenue as the eligible capital costs are incurred. In prior years the Airport Improvement Fees were recognized as revenue upon passenger departure. The comparative figures have been retroactively restated to reflect the actual invoiced amounts. The impact of this restatement on the financial statements is detailed below.

	As previously stated 2019	Adjustments Increase (Decrease)	**Restated 2019**
Statement of Financial Position			
Deferred revenues	$ -	$ 5,478,288	**$ 5,478,288**
Net Financial Assets	9,881,986	(5,478,288)	**4,403,698**
Accumulated Surplus	35,121,843	(5,478,288)	**29,643,555**
Statement of Changes in Net Financial Assets			
Net Financial Assets, beginning of year	5,277,083	(2,716,267)	**2,560,816**
Net Financial Assets, end of year	$ 9,881,986	$ (5,478,288)	**$ 4,403,698**
Statement of Operations and Accumulated Surplus			
Revenue	$ 14,719,586	$ (2,762,021)	**$ 11,957,565**
Annual surplus	6,990,591	(2,762,021)	**4,228,570**
Accumulated Surplus, beginning of year	28,131,252	(2,716,267)	**25,414,985**
Accumulated Surplus, end of year	35,121,843	(5,478,288)	**29,643,555**
Statement of Cash Flows			
Cash from operating activities	$ 7,552,676	$ (2,762,021)	**$ 4,790,655**

19. Revenue by object

The following is a summary of revenues by object.

For the year ended March 31	**2020 Actual**	2019 Actual
Apron fees	**$ 139,934**	$ 128,610
Concession fees	**252,248**	280,369
Landing and terminal fees	**6,285,834**	6,652,000
Leases	**2,615,247**	2,607,993
Parking	**238,179**	280,182
Recoveries	**424,437**	407,207
Other	**98,312**	75,800
Total Revenue	**$ 10,054,191**	$ 10,432,161

20. Expenses by object

For the year ended March 31	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Amortization	$ 2,342,000	$ 2,702,628	$ 908,145
Bad debts	2,000	223,304	957
Computer hardware and software	30,000	193,586	82,148
Contract services	2,519,000	1,567,208	3,131,030
Loss on disposal of capital assets	-	-	5,056
Materials and supplies	1,627,000	882,015	515,172
Purchased Services	171,000	200,241	406,628
Travel	30,000	5,723	13,187
Utilities	15,000	128,409	134,550
Salaries and benefits	4,262,000	4,585,139	4,207,025
Total Expenses	**$ 10,998,000**	**$ 10,488,253**	$ 9,403,898

Yellowknife Airport Revolving Fund

Schedule of Tangible Capital Assets

For the Year Ended March 31, 2020

	Buildings	Machinery, equipment and vehicles	Water & sewer works	Airstrips	Work in progress	Total 2020	Total 2019
Cost							
Balance, beginning of the year	$19,300,274	$ 4,364,129	$ 453,919	$ 2,126,427	$ 546,392	$ 26,791,141	$23,660,153
Add: contributed tangible capital assets received	9,825,464	132,639	-	2,095,748	-	12,053,851	-
Add: additions during year	812,644	1,616,439	-	-	3,227,108	5,656,191	1,575,012
Add: transfers to tangible capital assets	326,128	180,338	-	-	(506,466)	-	1,555,976
Balance, end of year	30,264,510	6,293,545	453,919	4,222,175	3,267,034	44,501,183	26,791,141
Accumulated Amortization							
Balance, beginning of year	1,107,811	597,682	42,152	51,097	-	1,798,742	890,598
Add: amortization	1,163,695	404,028	29,835	1,105,070	-	2,702,628	908,144
Balance, end of the year	**2,271,506**	**1,001,710**	**71,987**	**1,156,167**	**-**	**4,501,370**	**1,798,742**
Net Book Value	**$27,993,004**	**5,291,835**	**381,932**	**3,066,008**	**3,267,034**	**39,999,813**	**24,992,399**
2019 Net Book Value	$18,192,463	$ 3,766,447	$ 411,767	$ 2,075,330	$ 546,392	$ 24,992,399	

Environment Fund

Financial Statements

March 31, 2020

Environment Fund

Financial Statements

March 31, 2020

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Management Responsibility Statement

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statement, which has been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations. Management takes responsibility for the presentation of these financial statements. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designated to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Environment Fund.

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

Erin Kelly

Erin Kelly, PhD.
Deputy Minister
Department of Environment and Natural Resources

Joyce Taylor, CPA, CA,
Director, Finance and Capital Planning
Department of Environment and Natural Resources

June 30, 2020

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Independent Auditors' Report

To the Minister of Environment and Natural Resources - Environment Fund

Qualified Opinion
We have audited the financial statements of Environment Fund, which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Environment Fund as at March 31, 2020 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organziations.

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 $5,307,973 (2019 - $5,374,550), depot handling fees $860,181 (2019 - $926,150), processing fees $471,135 (2019 - $538,886) and refundable deposits $2,373,662 (2019 - $2,691,374). 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, 2020 and 2019, accounts receivable, accounts payable or fund balances as at March 31, 2020 and 2019.

Wages and benefits of $815,510 (2019 - $973,196) 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, 2020 and 2019, liabilities and fund balances as at March 31, 2020 and 2019.

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 qualified opinion.

Crowe

Independent Auditors' Report

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 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 30, 2020

Chartered Professional Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	2020	2019
Revenues		
Beverage Container Program (schedule 1)	**$ 5,688,498**	$ 5,946,373
Electronic Recycling Program (schedule 2)	**235,255**	226,843
Other Programs and Initiatives (schedule 3)	**599,534**	770,421
	6,523,287	6,943,637
Expenses		
Beverage Container Program (schedule 1)	**5,011,534**	5,547,268
Electronic Recycling Program (schedule 2)	**283,144**	401,250
Other Programs and Initiatives (schedule 3)	**332,158**	641,323
	5,626,836	6,589,841
Excess of revenues over expenses	**$ 896,451**	$ 353,796

Environment Fund

Statement of Changes in Fund Balances

For the year ended March 31, 2020

	Unrestricted	Equipment replacement reserve	Total 2020	Total 2019
Balance, beginning of year	$ 3,788,656	$ 455,180	**$ 4,243,836**	$ 3,890,040
Excess of revenues over expenses	896,451	-	**896,451**	353,796
Transfer to reserve (Note 2c)	(30,396)	30,396	**-**	-
Transfer from reserve (Note 2c)	61,897	(61,897)	**-**	-
Balance, end of year	**$ 4,716,608**	**$ 423,679**	**$ 5,140,287**	$ 4,243,836

Environment Fund

Statement of Financial Position

March 31,	2020	2019
Assets		
Accounts receivable	$ 909,304	$ 1,070,498
Due from Treasury (note 3)	5,207,662	4,354,156
Loan receivable (note 4)	14,464	19,286
	$ 6,131,430	$ 5,443,940
Liabilities		
Accounts payable and accrued liabilities	$ 194,947	$ 394,114
Unredeemed container liability (note 5)	796,196	805,990
	991,143	1,200,104
Fund balances		
Unrestricted	4,716,608	3,788,656
Equipment replacement reserve	423,679	455,180
	5,140,287	4,243,836
	$ 6,131,430	$ 5,443,940

Approved on behalf of the board:

Erin Kelly

Deputy Minister

Director, Finance and Capital Planning

See accompanying notes

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. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian public sector accounting standards for not-for-profit organziations.

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.

(b) Capital assets

The capital assets are managed by the Fund is not included in these financial statements as they are not the capital assets of the Fund, they are held by the Department of Environment and Natural Resources.

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:

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 2020 transfer is $30,396 (2019 - $24,207). During the year the Department of Environment and Natural Resources purchased equipment of $61,897 (2019 - $98,720) on behalf of the Fund. This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

2. Significant accounting policies (continued)

(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.

(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.

2. Significant accounting policies (continued)

(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

3. 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.

4. Loan receivable

The Fund loaned one bottle depot operator funds to be used to pay persons returning empty beverage containers to the depots. The loan is non-interest bearing and is repayable in monthly installments of $536 starting May 1, 2018 with the final payment due on November 1, 2021.

	2020	2019
Loan receivable	$ **14,464**	$ 19,286
Estimated principal repayments are as follows:		
2021	$ 6,483	
2022	7,981	
	$ 14,464	

5. Unredeemed container liability

The unredeemed container liability is an amount that is equal to 15% (2019 - 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*.

6. Comparative figures

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

7. Contingent liabilities

There is one outstanding claim that is pending against the Fund. The likelihood or amount, if any, cannot be reasonably estimated and as such no liability has been accrued in these financial statements.

8. Related party transactions

The Fund is related in terms of common ownership to 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 2 (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
Wrigley District Education Authority, Common control

	2020	2019
Revenue		
NWT Liquor Commission - Beverage container program fees	**$ 1,911,742**	$ 2,008,473
Expenses		
K'asho Got'ine District Education Authority - Chief T'Selehye School - Grants and contributions	**-**	8,528
Jean Marie River District Education Authority - Louie Norwegian School - Grants and contributions	**-**	1,502
Wrigley District Education Authority - Chief Julian Yendo School - Grants and contributions	**4,813**	2,063
Marine Transportation Services - Freight	**73,458**	71,964
Government of the Northwest Territories - Human Resources - Payroll	**815,509**	973,196
	$ 893,780	$ 1,057,253
Accounts receivable		
NWT Liquor Commission	**$ 156,603**	$ 179,474

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 $6,131,430 (2019 - $5,443,940). All financial assets are considered current except for the loan receivable referenced in Note 4.

(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, 2020, receivables from 3 (5 - 2019) customers comprised approximately 50% (2019 - 68%) of the total outstanding receivables. The Fund reduces this risk by regularly assessing the credit risk associated with these accounts.

10. 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. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Fund and its operations in future periods.

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Beverage Container Program

Schedule 1

	2020	2019
Revenue		
Beverage container program fees	**$ 5,307,973**	$ 5,374,550
Salvage	**295,214**	470,629
Interest revenue	**84,386**	84,317
Recoveries	**925**	16,877
	5,688,498	5,946,373
Expenditures		
Advertising and promotion	**2,263**	447
Contract service - satellite depot	**102,498**	132,131
Depot handling fees	**860,181**	926,150
Equipment, supplies and maintenance	**125,999**	147,010
Freight	**320,763**	357,430
Grants and contributions	**92,103**	85,852
Insurance	**14,271**	12,347
Office and software	**6,109**	7,767
Processing centre handling fees	**471,135**	538,886
Processing centre salvage	**54,377**	80,292
Quality control fees	**42,716**	84,247
Refundable deposit fees	**2,373,662**	2,691,374
Storage	**35,335**	17,475
Travel and training	**4,355**	21,839
Wages and benefits	**505,767**	444,021
	5,011,534	5,547,268
Excess of revenues over expenses	**$ 676,964**	$ 399,105

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Electronic Recycling Program

Schedule 2

	2020	2019
Revenue		
Electronic recycling program fees	**$ 235,255**	$ 226,807
Recoveries	**-**	36
	235,255	226,843
Expenditures		
Advertising and promotion	**13,693**	37,923
Contract service - satellite depot	**10,950**	16,661
Depot, processing centre and recycling fees	**87,786**	123,184
Equipment, supplies and maintenance	**12**	13,554
Freight	**24,448**	32,943
Office	**-**	17
Professional fees	**36,369**	36,638
Storage	**6,000**	4,830
Travel and training	**1,947**	1,685
Wages and benefits	**101,939**	133,815
	283,144	401,250
Deficiency of revenues over expenses	**$ (47,889)**	$ (174,407)

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Other Programs and Initiatives

Schedule 3

	2020	2019
Revenue		
Single-use retail bag program fees	$ 599,534	$ 766,546
Recoveries	-	3,875
	599,534	770,421
Expenditures		
Advertising and promotion	29,620	6,550
Grants and contributions	5,000	151,279
Contract services - satelitte depot	21,945	-
Office	2,662	2,179
Professional fees	48,388	66,505
Travel and training	16,739	19,450
Wages and benefits	74,604	96,103
Wages and benefits – Policy development	115,531	261,546
Wages and benefits - Waste reduction and recycling	17,669	37,711
	332,158	641,323
Excess of revenues over expenses	$ 267,376	$ 129,098

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT

FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

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NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
TERRITOIRES DU NORD-OUEST
ASSEMBLÉE LÉGISLATIVE

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The Accounting firm of Ashton Chartered Accountants has provided an independent objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian accounting standards for pension plans. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of accrued pension benefits of the board.

On behalf of the Board of Management:

Frederick Blake Jr., Speaker

Tim Mercer, Clerk

July 31, 2020

ASHTON
Chartered Accountants
Business Advisors

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Hay River, NT X0E 1G2
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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, 2020, 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, 2020, 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
July 31, 2020

Ashton, Chartered Professional Accountants

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	$ 33,498	$ 15,730
Accrued Interest Income	19,512	18,901
	53,010	34,631
INVESTMENTS (Note 4)	19,521,755	24,998,449
	$ 19,574,765	$ 25,033,080
LIABILITIES		
CURRENT		
Accounts Payable	$ 50,940	$ 50,630
NET ASSETS AVAILABLE FOR BENEFITS per page 2	19,523,825	24,982,450
PENSION OBLIGATIONS per page 3 (Note 5)	16,822,200	20,742,300
PENSION PLAN FUND SURPLUS	$ 2,701,625	$ 4,240,150

APPROVED

Speaker

Clerk

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended March 31, 2020

	2020	2019
INCREASE IN ASSETS		
Contributions:		
Members	228,253	215,651
Government of the NWT	550,000	550,000
In-Kind Contributions	7,000	7,000
	785,253	772,651
Investment Income:		
Interest	336,830	355,826
Dividends	325,973	316,664
Gain on Sale of Investments	1,811,991	263,455
	2,474,794	935,945
Current Period Change in Fair Values of Investments	(2,513,988)	505,203
Net Investment Income	(39,194)	1,441,148
Total Increase in Assets	746,059	2,213,799
DECREASE IN ASSETS		
Benefits		
Pension Payments	1,011,420	991,288
Termination/Lump sum Payments	5,030,728	-
Total Benefits	6,042,148	991,288
Administrative		
Actuary Fees	38,539	32,724
Audit Fees	7,000	7,000
Investment Management Fees	71,842	90,093
Meeting Travel & Accommodation	11,703	10,027
Trustee Fees	33,452	31,417
Total Administrative	162,536	171,261
Total Decrease in Assets	6,204,684	1,162,549
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	$ (5,458,625)	$ 1,051,250
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	24,982,450	23,931,200
END OF YEAR	$ 19,523,825	$ 24,982,450

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2020

	2020	2019
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	$ 890,900	$ 963,000
Benefits accrued	838,000	800,000
Experience loss	-	-
	1,728,900	1,763,000
DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	$ 5,649,000	$ 988,000
Experience gains	-	-
	5,649,000	988,000
INCREASE IN PENSION OBLIGATIONS	(3,920,100)	775,000
PENSION OBLIGATIONS, BEGINNING OF YEAR	20,742,300	19,967,300
PENSION OBLIGATIONS, END OF YEAR	$ 16,822,200	$ 20,742,300
AS REPRESENTED BY		
Active Members	$ 1,790,300	$ 5,571,100
Pensioners & Terminated Members	15,031,900	15,171,200
	$ 16,822,200	$ 20,742,300

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

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, 2020

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

e) Revenue recognition

Revenue from contributions and investment income are recognized on an accrual basis.

f) Contributed services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

g) Pension benefits

Pension benefits are shown as expenses in the year of payment.

h) Measurement uncertainty

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

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

3. ACCOUNTS RECEIVABLE

	2020	2019
Member Contributions	$ 26,498	$ 8,730
In-Kind Contributions- GNWT	7,000	7,000
	$ 33,498	$ 15,730

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:

	2020		2019	
	Cost	Market	Cost	Market
Cash & Cash Equivalents	2,709	2,709	14,896	14,896
Canadian Equity Mutual Funds	4,553,097	3,751,781	4,232,141	4,354,579
International Equity Mutual Funds	6,081,047	6,476,341	6,824,687	8,731,675
Temporary Investments	89,062	89,062	69,073	69,073
Canadian Fixed Income Funds	6,296,353	6,385,282	8,844,177	9,027,193
Government of Canada Bonds	1,882,906	2,178,484	1,882,906	2,170,095
Province of Ontario Bonds	430,653	638,096	430,653	630,938
	$ 19,335,827	$ 19,521,755	$ 22,298,533	$ 24,998,449

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.

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:

	2020	2019
Level 1	$ 19,521,755	$ 24,998,449

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, 2016.

The data and assumptions used for the March 31, 2018 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2016.

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.

	2020	2019
Valuation Interest Rate (net of expenses)	4.75%	4.75%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	4.75%	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, 2016 and the related report completed in January 2017. The next actuarial valuation will be completed for April 1, 2020.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2020 has been obtained using a measurement date of January 31, 2020 by increasing the April 1, 2016 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, 2020

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, 2020, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On July 31, 2020, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2020.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2020

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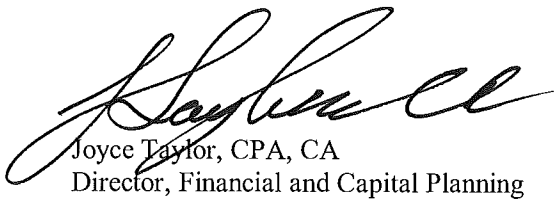
MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("the Act"). Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



Joyce Taylor, CPA, CA
Director, Financial and Capital Planning
Department of Environment and Natural Resources

June 19, 2020

AVERY COOPER & CO. LTD.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion
We have audited the financial statements of The Natural Resources Conservation Trust Fund (the "Fund"), which comprise the Statement of Financial Position as at March 31, 2020, 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.

Emphasis of Matter
We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund 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.

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 Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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

June 19, 2020

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2020

ASSET

	2020	2019
CURRENT		
Cash	$ 241,460	$ 244,919

LIABILITY

CURRENT		
Accounts payable and accrued liabilities	$ 2,700	$ 8,676

FUND BALANCES

CAPITAL PORTION per page 3	187,828	187,828
INTEREST PORTION per page 3	50,932	48,415
	238,760	236,243
	$ 241,460	$ 244,919

Approved:

Erin Kelly, PhD.
Deputy Minister
Department of Environment and Natural Resources

Joyce Taylor, 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, 2020

	2020	2019
REVENUE		
Interest income	$ 5,217	$ 5,015
EXPENSES		
Professional fees	2,700	2,700
EXCESS OF REVENUE OVER EXPENSES	$ 2,517	$ 2,315

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2020

	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

	2019		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 46,100	$ 233,928
Excess of revenue over expenses	-	2,315	2,315
BALANCE, closing	$ 187,828	$ 48,415	$ 236,243

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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

These financial statements are prepared in accordance with the Act. The significant accounting policies are detailed 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, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories (the "Public Trustee") is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with the *Public Trustee Act* of the Northwest Territories (the "Act"). Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Act.

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

Public Trustee for the Northwest Territories

Brian J. Asmundson
Public Trustee

June 30, 2020

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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, 2020, 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, 2020, 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.

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
June 30, 2020

STATEMENT I

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

BALANCE SHEET
March 31, 2020

ASSETS

	2020	2019
Cash (Note 3)	$7,780,534	$6,497,019
Other assets at nominal value (Note 2b)	1	1
	$7,780,535	$6,497,020

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	$ 66,855	$ 72,309
Public Trustee Management Fund (Note 6)	28,741	21,820
Estate & Trust Fund per Statement III (Note 5)	7,684,939	6,402,891
	$7,780,535	$6,497,020

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, 2020

	2020	2019
Undistributed Common Fund earnings, opening	$ 72,309	$ 37,320
Add:		
Common Fund earnings	151,094	126,583
Less:		
Interest paid to estates and trusts (Statement III)	139,127	91,594
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	17,421	-
	156,548	91,594
Increase (decrease) in Undistributed Common Fund earnings balance	(5,454)	34,989
Undistributed Common Fund earnings, closing (Note 4)	$ 66,855	$ 72,309

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, 2020

	2020	2019
Estate & trust funds provided:		
Estate and trust assets received	$ 3,317,267	$ 3,257,142
Common Fund interest paid to estates and trusts (Statement II)	139,127	91,594
	3,456,394	3,348,736
Estate & trust funds applied:		
Payments to beneficiaries	1,138,545	1,699,651
Disbursements made on behalf of estates and trusts	863,587	973,110
Administration fees (Note 2c)	162,891	127,087
GST on Administration fees	8,145	6,355
Court fees	1,178	1,575
	2,174,346	2,807,778
Increase in Estate & Trust Fund balance	1,282,048	540,958
Estate & Trust Fund balance, opening	6,402,891	5,861,933
Estate & Trust Fund balance, closing (Note 5)	$ 7,684,939	$ 6,402,891

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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 $162,891 (2019 - $127,087) 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, 2020

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:

	2020	2019
Common Fund	$7,684,938	$6,402,890
Other assets at nominal value	1	1
	$7,684,939	$6,402,891

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	2020	2019
Public Trustee Management Fund balance, opening	$21,820	$32,320
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	17,421	-
Less:		
Costs incurred in respect of the annual audit	(10,500)	(10,500)
Public Trustee Management Fund balance, closing	$28,741	$21,820

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.

STUDENTS LOAN FUND

FOR THE YEAR ENDED MARCH 31, 2020

(Unaudited)

Government of the Northwest Territories
Students Loan Fund
Statement of Operations
for the year ended March 31, 2020 **(thousands of dollars)**

	2020	2019
Loans Receivable, opening balance	41,129	40,953
Loans granted during the year	5,633	6,071
	46,761	**47,024**
Less:		
Principal amount of loans repaid	(3,104)	(3,108)
Principal amount of loan forgiveness	(279)	-
Principal amount of loan remissions	(2,005)	(2,204)
Principal Amount of Northern Bonus	(575)	(584)
Loans Receivable, closing balance	40,799	41,129
Less:		
Allowance for remissable and doubtful loans	(17,133)	(16,836)
Net Loans Receivable, closing balance	**23,666**	**24,292**
Effect of Students Loan Fund on Government Operations		
Interest earned and credited to general revenues	296	264
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		
Less:		
Collection agency fees	(2)	(9)
Estimated provision for remission and doubtful accounts	(3,176)	(2,409)
Operating deficiency for the year	**(2,882)**	**(2,154)**

Approved:

Rita Mueller
Deputy Minister
Department of Education, Culture and Employment

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

Students Loan Fund

Notes to the Financial Statement **(in thousands)**

March 31, 2020

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.

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:

	2019	**2019**
Allowance for Forgiveness – Remissible Loans	$6,264	$7,030
Allowance for Doubtful Accounts – Repayable Loans	11,171	9,806
Total Allowance	**$17,435**	**$16,836**

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.

8. Subsequent Events

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

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2020

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2020 **Page**

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Management's Responsibility Statement

The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund

Charlene J

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

May 13, 2020
Date

Lynn Brookson
Witness

May 13, 2020
Date

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Independent Auditors' Report

To the Members of
Territorial Court Judges Registered Pension Plan Fund

Opinion
We have audited the accompanying financial statements of the Territorial Court Judges Registered Pension Plan Fund ("the Plan"), which comprise the statement of financial position as at January 1, 2020 and the statements of changes in net assets available for benefits, and changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Territorial Court Judges Registered Pension Plan Fund as at January 1, 2020, and the changes in net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter
We draw attention to Note 11 of 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 and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report Continued

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

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

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Yellowknife, Northwest Territories
May 11, 2020

Chartered Professional Accountants

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2020	2020	2019
Assets		
Contributions receivable - Members	$ 5,605	$ 4,122
Contributions receivable - Government of the Northwest Territories (note 3)	21,300	24,750
Investments (note 4)	6,700,541	6,000,012
Total Assets	**6,727,446**	**6,028,884**
Liabilities		
Pension benefits, refunds and transfers payable	-	5,385
Accounts payable and accrued liabilities	18,053	23,986
Total Liabilities	**18,053**	**29,371**
Net Assets Available for Benefits	**6,709,393**	**5,999,513**
Pension obligations (Note 5)	**7,266,400**	**7,896,156**
Deficiency		
Pension Plan Fund Deficit	**$ (557,007)**	**$ (1,896,643)**

Approved by:

Deputy Minister, Department of Justice,
Government of the Northwest Territories

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Net Assets Available for Benefits

For the year ended January 1, 2020	2020	2019
Increase in assets:		
Contributions - members	$ 70,391	$ 63,712
Contributions - sponsor (current service cost)	88,650	96,750
Current year change in fair value of investments	654,664	-
In-kind contributions - sponsor	35,427	-
Investment income	215,230	328,330
Net realized capital gains income	82,212	69,494
	1,146,574	558,286
Decrease in assets:		
Administrative expenses (Note 7)	91,460	76,080
Benefit payments - regular	345,234	279,850
Current year change in fair value of investments	-	547,054
	436,694	902,984
Increase (decrease) in net assets available for benefits	**709,880**	(344,698)
Net assets available for benefits, beginning of year	**5,999,513**	6,344,211
Net assets available for benefits, end of year	**$ 6,709,393**	$ 5,999,513

Changes in pension plan fund deficit:

Beginning of year	**$ (1,896,643)**	$ (1,242,595)
Increase (decrease) in net assets available for benefits	**709,880**	(344,698)
Decrease (increase) in pension obligation	**629,756**	(309,350)
Net change	**1,339,636**	(654,048)
End of year	**$ (557,007)**	$ (1,896,643)

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Pension Obligations

For the year ended January 1, 2020	2020	2019
Increase (decrease) in pension obligations:		
Interest accrued on benefits	$ 335,500	$ 307,800
Benefits accrued	227,700	281,400
Experience (gains) and losses	(847,722)	-
	(284,522)	589,200
Decrease in pension obligations:		
Benefits paid	**345,234**	279,850
Increase (decrease) in pension obligation	**(629,756)**	309,350
Pension obligation, beginning of year	**7,896,156**	7,586,806
Pension obligation, end of year	**$ 7,266,400**	$ 7,896,156

1. Description of plan

The following description of the Territorial Court Judges' Registered Pension Plan Fund ("Plan") is a summary only.

(a) General

The Plan is a contributory defined benefit pension plan which provides pension benefits for all Territorial Court Judges of the Northwest Territories. The Plan was established by the Judges' Registered Pension Plan Regulations under Section 32 of the *Territorial Court Act*. The Plan came into effect on February 1, 1994 and was a non-contributory plan until April 1, 1999 when it became contributory. A Territorial Judge appointed after the effective date participates in the Plan, unless the Judge objects on the basis of religious belief.

The Plan is a registered plan as defined in the *Income Tax Act* (Canada) (ITA) and, consequently, is not subject to income taxes. The Plan's registration number for income tax purposes is 995761.

(b) Funding policy

The *Territorial Court Act* requires that the plan sponsor, the Government of the Northwest Territories (GNWT) and the Plan members, fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund.

Member contributions are 6% of pensionable earnings. In accordance with the Trust agreement, sponsor required contributions are equal to the amount determined by the Actuary as being necessary to fund the benefits accruing under the Plan less member contributions. Any surplus existing in the Plan may be used to reduce the required contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirement of section 8 of the Judges' Pension Plan Regulations.

(c) Normal retirement age

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

(d) Early retirement

A Judge may retire anytime after age 50 and prior to age 60 with a pension that is reduced by a quarter of one percent for each month that retirement precedes age 60. However, there is no reduction if the Judge has attained 80 years of combined judicial service and age at the date of pension commencement.

(e) Late retirement

A Judge who attains 69 years of age shall receive a retirement pension commencing on the first day of the month immediately following the month in which the judge attains that age.

(f) Benefits paid on resignation

A Judge who resigns from the bench prior to attainment of age 60, and who is not entitled to an immediate unreduced pension, may elect to receive either a monthly deferred pension (commencing between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

1. Description of Plan (continued)

(g) Benefits on death

When a Judge or former Judge dies, the Judge's surviving spouse is entitled to receive a pension for life equal to 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge was receiving immediately before death, or, if the Judge was not yet retired, 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge had earned up to the date of death. If the deceased Judge was not receiving a pension prior to his/her death, the spouse has the option of transferring the commuted value of the spouse's pension to a Registered Retirement Savings Plan or receiving the commuted value as a cash payment.

(h) Credited pension

The benefit payable from the Plan for each year of pensionable service for periods after January 1, 1992 is equal to the maximum permitted under the *Income Tax Act*. The limit increases annually to reflect increases in average Canadian wages.

The annual pension at retirement for each year of pensionable service credited in respect of periods before 1992 is calculated as 2% of average annual earnings in the six consecutive years before retirement in which such average was the highest, reducing at age 65 by an amount equal to 0.7% of the averages Year's Maximum Pensionable Earnings (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. The *Income Tax Act* maximum pension does not affect the pre 1992 entitlement.

(i) Cost of living increases

All retirement, spousal and deferred pensions receive cost of living increases equal to the full rate of increase in the Consumer Price Index for Canada. Increases are applied at each January 1st; with the first such increase being prorated to reflect the portion of the prior year since the date of retirement/termination/death. Commuted values are calculated to reflect future cost of living increase.

2. Basis of presentation and summary of significant accounting policies

These financial statements are prepared in accordance with Part IV of the CPA Canada Handbook, Canadian accounting standards for pension plans. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the information of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared for regulatory purposes and to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of the individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS"), or Canadian accounting standards for private enterprises ("ASPE"). The Plan has chosen to comply on a consistent basis with ASPE.

2. Basis of presentation and summary of significant accounting policies (continued)

(b) Investments

Investments are recorded and measured at market value (fair value). Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits as a current year change in fair value of investments. Market value is determined by the Net Asset Value Per Unit as at December 31.

Investment transactions are recorded on the trade date.

Investment income includes interest and dividend income and are recorded on an accrual basis.

Current period change in fair market value of investments includes all net unrealized capital gains. Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment, as net realized capital gains income.

(c) Employee and employer contributions

Contributions are recognized on an accrual basis during the period in which the employees wages and salaries are earned. Employer contributions consist of current service contributions and special payments required to fund the deficiency based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

(d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuarial and audit fees. They are recognized in the period in which the service is provided.

Benefit payments represent pension payments to retired members and are recognized on monthly basis when they become due.

(e) Contributed services

The Fund recognizes in-kind contributions of services in these financial statements, but only when a fair value can be reasonably estimated and when the services are used in the normal course of the Fund's operations and would otherwise have been purchased.

(f) Financial instruments

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

2. Basis of presentation and summary of significant accounting policies (continued)

(f) Financial instruments (continued)

The Plan subsequently measures its financial assets and financial liabilities, except investments, at amortized cost.

Financial assets measured at amortized cost include contributions receivable - members and contributions receivable GNWT.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, pension benefits, refunds and transfers payable.

Investments are measured at fair value.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(g) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates, changes in estimates are recorded in the accounting period in which they are determined.

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

3. Contribution receivable - GNWT

	2020	2019
Current service contributions	$ 21,300	$ 24,750

4. Investments

The Plan is fully invested in the RBC Phillips, Hager & North Balanced Pension Trust ("PH&N BPT") fund. The PH&N BPT fund held the following asset mix:

	2020	2019
Cash and cash equivalents	$ 60,305	$ 120,000
Canadian equities	1,387,012	$ 1,824,004
Global equities	2,854,430	1,824,004
Fixed income funds	2,398,794	2,232,004
Total market value of the investment portfolio	$ 6,700,541	$ 6,000,012

The book value of the investments for the year ended January 1, 2020 is $5,294,718 (2019 - $5,248,818).

All investments are valued based on information provided by the investment manager. In particular, the market value for the portfolio is determined by the Net Asset Value Per Unit (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.

5. Obligation for pension benefits

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, a firm of consulting actuaries. The going concern valuation results is determined based on their last actuarial valuation conducted as at April 1, 2019. The data and assumptions used for January 1st 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).

5. Obligation for pension benefits (continued)

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2020	2019
Discount rate	**4.80 %**	4.10 %
Salary projection rate	**3.00 %**	3.50 %
Price inflation	**2.00 %**	2.00 %
Real rate of return	**13.80 %**	3.00 %

An actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan. The latest actuarial valuation report conducted for the period April 1, 2019 was completed in August 2019. The next actuarial valuation must be performed no later than April 1, 2022.

As provided by the Actuary, the value of pension benefit obligations as at January 1 of each year is not available. Instead, the value as at April 1 is being used to compare with the net assets available for benefits as at January 1. The pension obligation presented on the statement of financial position is as at April 1, 2020.

6. Management of capital

Management of the Plan defines its capital as the funded status as determined annually based on the fair value of the investment assets less the pension obligations as determined by an actuarial valuation prepared by an independent actuary. The funding surplus or deficit is used to measure the long-term health of the Plan to meet its obligations to its members and their survivors.

Per the actuarial funding valuation as at April 1, 2019, the Plan had a going concern unfunded liability in the amount of $583,400 and excess assets of $803,900 under the maximum funding valuation. Per the actuarial valuation, the rule for determining the sponsor's current service cost and special payments is based on the maximum funding valuation as the going concern valuation produces a higher total sponsor contribution and unfunded liability. Per the Plan Regulations, unfunded liabilities are required to be funded over a period of not more than 15 years from the valuation date. Since the plan had excess assets at April 1, 2019, special funding payments are not required.

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2019. Contribution values are based on the assumption of an annual expected return on Fund assets. The GNWT may reduce contributions to the Fund by the amount of any surplus existing within the Fund on the last actuarial valuation date.

Management's objective, when managing the Plan's capital, is to ensure the Plan is fully funded to meet its benefit obligations over the long term through the management of investments, contribution rates and benefits.

Management has adopted a Statement of Inve,tment Policies and Procedures ("SIPP") for the Plan, which sets investment objectives, guidelines and benchmarks used in investing the Plan's assets, permitted categories of investments, asset mix diversification and rate of return expectations. The Plan's SIPP was approved September 30, 2014. The Plan's management is responsible for ensuring that the Plan assets are managed in accordance with the SIPP and the objectives and goals outlined therein.

6. Management of capital (continued)

The SIPP established asset allocation ranges as follows:

Category	Permitted Range	
Canadian equities	20%	40%
Global equities	15%	35%
Emerging Market equities	0%	10%
Fixed Income	25%	55%
Cash and cash equivalents	0%	10%

With exception to global equities, the investments as at January 1, 2020 fell within the permitted ranges as specified by the SIPP.

7. Administrative expense

Administrative expenses include fees charged by the investment manager, trustee, auditor and actuary. Administration costs of the Fund may be paid directly by the GNWT or by the trustee from Fund assets. Payments made directly by the GNWT to the fund are recognized as a corresponding increase to in-kind contributions.

	2020	2019
Actuarial fees	$ 24,374	$ 6,350
Audit	4,703	4,703
Investment management	36,573	39,008
Trustee and custodial fees	25,810	26,019
	$ 91,460	$ 76,080

8. Risk management

The Plan's investments consist predominantly of assets whose values are exposed to fluctuations in interest rates, foreign exchange rates and financial markets. Other financial instruments are not exposed to significant interest or currency risks.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The 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 of which is discussed below:

Credit risk

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Fund is exposed to credit risk through its investments in fixed-income securities.

8. Risk Management (continued)

The Fund's credit risk on fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investments.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and assets allocation targets that are designed to manage exposure to concentrated credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. These principally include 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 Fund and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

As of January 1, 2020 had market interest rates increased or decreased by 1% with all other variables held constant, the impact on the Plan's net assets available for benefits would have been an increase or decrease of 2.5% (2019 - 2.7%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Currency risk

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Fund 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 Fund manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

Based on the Plan's net exposure as at January 1, 2020 if the Canadian dollar strengthened or weakened by 5% in relation to the United States Dollar, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately 2.1% (2019 - 1.5%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

8. Risk Management (continued)

Market risk
Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

Price risk
Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The fund is exposed to other price risk through its holdings in equities.

As of January 1, 2020 had the S&P TSX Capped Composite Index increased or decreased by 1% with all other variables held constant, the impact on the Plan's net assets available for benefits would have been an increase or decrease of .5% (2019 - .5%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Liquidity risk
Liquidity risk is the risk that the 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 and 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 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 GNWT, as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Fund 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.

9. Fair value measurement

Fair values
Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on transparency of inputs to the evaluation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

9. Fair value measurement (continued)

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bodies, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

All of the Plan's investments are measured subsequent to initial recognition at fair value, based on quoted market prices, and are Level 2 financial instruments.

10. Related party transactions

The Plan receives certain administrative services from the GNWT Departments of Justice and Finance at no charge.

11. Subsequent event

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. 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, territorial and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Pension Plan. It is expected that fair value of the investments will be negatively impact but the extent is undeterminable.