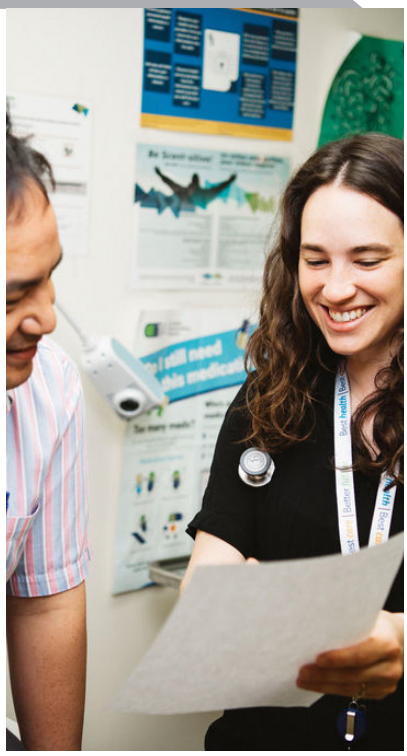





2025-2026

PUBLIC ACCOUNTS

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS - OTHER ENTITIES

Government of
Northwest Territories

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PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2026

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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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS – OTHER ENTITIES

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Artic Energy Alliance
Aurora College
Housing Northwest Territories
Inuvialuit Water Board
Northwest Territories Heritage Fund
Northwest Territories Human Rights Commission
Northwest Territories Hydro Corporation
Northwest Territories Surface Rights Board
Prosper NWT
Status of Women Council of the Northwest Territories

Revolving Funds

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

Special Purpose Funds

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

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ARCTIC ENERGY ALLIANCE

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2026

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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 control designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

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

Mark Heyck
Executive Director

June 30, 2026

AVERY COOPER & CO. LTD.
Chartered Professional Accountants

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Yellowknife, NT X1A 2P2
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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, 2026, 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, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Other Information
Management is responsible for the other information. The other information comprises:
- The Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.
Chartered Professional Accountants
Yellowknife, NT

June 30, 2026

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION
March 31, 2026

ASSETS

	2026	2025
CURRENT		
Cash	$ 1,985,997	$ 2,044,943
Short term Investments (note 3)	94,853	91,487
Accounts receivable (note 4)	253,900	327,042
Government remittances recoverable (note 5)	17,014	9,730
	2,351,764	2,473,202
TANGIBLE CAPITAL ASSETS (note 6)	70,506	86,403
	$ 2,422,270	$ 2,559,605

LIABILITIES

CURRENT		
Trade payables and accruals (note 7)	$ 179,060	$ 137,418
Wages and benefits payable	94,405	90,334
Deferred revenue (note 8)	178,325	119,006
Government remittances payable (note 5)	50,496	33,106
Contributions payable	-	608,028
	502,286	987,892
DEFERRED GOVERNMENT ASSISTANCE (note 9)	31,426	42,866
	533,712	1,030,758

NET ASSETS

ACCUMULATED SURPLUS per page 3	148,716	287,687
RESERVES per page 3	1,708,761	1,205,622
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	31,081	35,538
	1,888,558	1,528,847
	$ 2,422,270	$ 2,559,605

Approved:

Director

Director

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS
For the year ended March 31, 2026

	(note 13) 2026 Budget	2026 Actual	2025 Actual
REVENUES			
Contributions from GNWT	$ 2,696,000	$ 3,313,121	$ 2,866,914
Membership fees	227,500	227,500	227,500
Non-government funding	-	229,601	-
Contributions from Government of Canada	139,006	173,985	370,494
Interest income	29,000	97,282	39,574
Other source income	52,017	69,427	80,664
	3,143,523	4,110,916	3,585,146
EXPENSES			
Advertising and promotion	31,100	33,063	28,604
Amortization	41,533	41,295	41,533
Bad debts (recovered)	-	1,798	(2,738)
Consulting fees	210,296	209,389	256,209
Equipment rental	9,780	7,590	3,278
Facility rental and tradeshow fees	12,861	7,246	10,689
Fees and dues	32,628	25,921	16,240
Hospitality	23,247	36,560	25,060
Insurance	17,000	17,440	16,814
Interest and bank charges	5,000	2,791	4,983
Office and general	85,716	77,922	72,011
Professional development	37,500	25,290	30,258
Professional fees	37,000	37,377	41,979
Project materials	12,000	52,555	-
Rebates	449,112	553,826	618,608
Rent and utilities	191,112	182,889	194,437
Telephone, Internet and Website	26,822	43,087	54,300
Travel and accommodation	163,447	163,808	194,442
Wages and benefits	2,152,073	2,231,358	2,537,195
	3,538,227	3,751,205	4,143,902
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (394,704)	$ 359,711	$ (558,756)

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2026

	2026			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 287,687	$ 1,205,622	$ 35,538	$ 1,528,847
Excess of revenues over expenses	359,711	-	-	359,711
Transfer to reserves (note 17)	(503,139)	503,139	-	-
Purchase of tangible capital assets	(25,397)	-	25,397	-
Amortization of tangible capital assets	41,295	-	(41,295)	-
Amortization of deferred government assistance	(11,441)	-	11,441	-
BALANCE, closing	$ 148,716	$ 1,708,761	$ 31,081	$ 1,888,558

	2025			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 886,271	$ 1,135,703	$ 65,629	$ 2,087,603
Deficiency of revenues over expenses	(558,756)	-	-	(558,756)
Transfer to reserves (note 17)	(69,919)	69,919	-	-
Amortization of tangible capital assets	41,532	-	(41,532)	-
Amortization of deferred government assistance	(11,441)	-	11,441	-
BALANCE, closing	$ 287,687	$ 1,205,622	$ 35,538	$ 1,528,847

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS
For the year ended March 31, 2026

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES (note 19)		
Cash received from:		
GNWT contributions	$ 3,379,525	$ 3,887,837
Membership fees	227,500	227,500
Other source income	371,426	344,500
Government of Canada contributions	195,500	492,200
Interest income	69,427	80,664
	4,243,378	5,032,701
Cash paid for:		
Materials and services	2,067,030	1,602,832
Wages and benefits	2,209,897	2,518,454
	4,276,927	4,121,286
	(33,549)	911,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(25,397)	-
Redemption of short-term investments	-	90,000
Purchase of short-term investments	-	(90,000)
	(25,397)	-
(DECREASE) INCREASE IN CASH	(58,946)	911,415
CASH, opening	2,044,943	1,133,528
CASH, closing	$ 1,985,997	$ 2,044,943

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

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

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

(i) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in (deficiency) excess of revenues over expenses in the period incurred.

Financial assets measured at amortized cost on a straight-line line basis include cash, short term investments, and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include trade accounts payable, wages and benefits payable, and contributions payable.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Financial instruments, continued

(ii) **Impairment**

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in (deficiency) excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in (deficiency) excess of revenues over expenses.

(iii) **Transaction costs**

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(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 term of the lease.

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Revenue recognition

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

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

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

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

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

(e) Government assistance

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

(f) Allocated expenses

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

(g) Measurement uncertainty

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

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

3. SHORT TERM INVESTMENTS

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

	2026	2025
3.70% interest, Long Term Non Redeemable, matures October 21, 2026	$ 90,000	$ 90,000
Accrued interest	4,853	1,487
	$ 94,853	$ 91,487

4. ACCOUNTS RECEIVABLE

	2026	2025
Contributions receivable:		
Government of Northwest Territories	$ 247,280	$ 325,880
Other	17,885	10,632
Allowance for doubtful accounts	(11,265)	(9,470)
	$ 253,900	$ 327,042

5. GOVERNMENT REMITTANCES

	2026	2025
Goods & Services Tax rebates receivable	$ 17,014	$ 9,730

	2026	2025
Payroll remittances payable	$ 45,993	$ 29,667
Related parties:		
GNWT Finance - NWT Payroll Tax payable	4,503	3,439
	$ 50,496	$ 33,106

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2026 Net	2025 Net
Computer equipment	$ 36,010	$ 36,010	$ -	$ -
Computer software	79,898	53,062	26,836	37,571
Heating equipment	36,242	23,663	12,579	14,391
Leasehold improvements	138,645	107,991	30,654	33,846
Office equipment	48,452	48,015	437	595
	$ 339,247	$ 268,741	$ 70,506	$ 86,403

Net assets invested in tangible capital assets as at March 31, 2026, are as follows:

	2026	2025
Tangible capital assets	$ 70,506	$ 86,403
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(31,425)	(42,865)
Net assets invested in tangible capital assets per page 3	$ 31,081	$ 35,538

7. TRADE PAYABLES AND ACCRUALS

	2026	2025
Accrued liabilities		
Pellet boiler asset retirement obligation	$ 8,000	$ 8,000
Other	108,785	78,548
	116,785	86,548
Trade payables	62,275	50,870
	$ 179,060	$ 137,418

8. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT's Departments of Infrastructure (INF), and Education, Culture and Employment (ECE), and the Government of Canada. 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.

	2026	2025
Restricted contributions balance, opening	$ 119,006	$ 50,000
Receipts	3,530,026	3,031,814
Funding receivable	246,000	324,600
Funding expended	(3,716,707)	(3,287,408)
Deferred revenue, closing	$ 178,325	$ 119,006

9. DEFERRED GOVERNMENT ASSISTANCE

			2026	2025
	Capital contributions	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	$ 14,121	$ 9,532	$ 4,589	$ 5,295
GNWT-ENR - Energy Efficiency Incentive Program: Database	14,853	14,853	-	-
EnergyGuide Rating Service (ERS) Program Databse	53,673	26,836	26,837	37,571
	$ 82,647	$ 51,221	$ 31,426	$ 42,866

10. RESERVES

During the year, Arctic Energy Alliance transferred $503,139 (2025 - $69,919) from the unrestricted net assets to meet its capital management objectives as described in Note 18. The reserves at March 31, 2026 of $1,708,761 (2025 - $1,205,622) 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.

10. RESERVES, continued

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:

	2026 Budget	2026 Actual	2025 Actual
(Deficiency) Excess of revenues over expenses per page 2	$ (394,704)	$ 359,711	$ (558,756)
	-	-	-
Amortization of tangible capital assets	41,533	41,295	41,533
Purchase of tangible capital assets	-	(25,397)	-
Amortization - deferred government assistance	-	(11,441)	(11,441)
Increase (decrease) in net financial assets	(353,171)	364,168	(528,664)
Net financial assets, opening	1,485,310	1,485,310	2,013,974
Net financial assets, closing (note 18)	$ 1,132,139	$ 1,849,478	$ 1,485,310

11. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2026	2025
Government of Northwest Territories (GNWT)	$ 150,000	$ 150,000
GNWT - Crown Corporations	67,500	67,500
Other	10,000	10,000
	$ 227,500	$ 227,500

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

	2026	2025
GNWT:		
Department of Environment and Climate Change	$ 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

11. MEMBERSHIP FEES, continued

GNWT - Crown Corporations:		
Housing NWT	50,000	50,000
Northwest Territories Power Corporation	5,000	5,000
Public Utilities Board of the Northwest Territories	12,500	12,500
	67,500	67,500
	$ 217,500	$ 217,500

12. 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 2026-2027 core and energy programs funding for a maximum of $2,446,000.

13. BUDGET

The 2026 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 10, 2025.

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.

14. FINANCIAL INSTRUMENTS

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.

15. COMMITMENTS

The Society has entered into operating leases for office space for the Yellowknife, Fort Simpson, Hay River, Inuvik, and Norman Wells offices, expiring between August 1, 2027 and March 31, 2028. Future minimum lease payments are as follows.

	Office Space
2027	$ 161,012
2028	54,257
2029	3,246
	$ 218,515

16. CONTRACTUAL RIGHTS

The Society signed a multi-year contribution agreement with McConnell Foundation. Maximum contributions remaining under the agreement are as follows:

	Community Energy Plans for a Sustainable Northwest Territories
2027	$ 200,000
2028	200,000
2029	160,000
2030	120,000
2031	20,000
	$ 700,000

17. CAPITAL MANAGEMENT

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

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

At March 31, 2026, 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, 2026, are as follows:

	2026	2025
Accumulated surplus	$ 148,716	$ 287,687
Reserves	1,708,761	1,205,622
Invested in tangible capital assets	31,081	35,538
Net assets per page 3	1,888,558	1,528,847
Tangible capital assets	70,506	86,403
Deferred government assistance	(31,426)	(42,866)
	39,080	43,537
Net financial assets (note 11)	$ 1,849,478	$ 1,485,310

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 reserve reached the maximum cap of $70,000 and no more annual transfers are being recorded until the cap is increased or some of the balance is used.

17. CAPITAL MANAGEMENT, continued

	Opening Balance	Transfers	Closing Balance
Operating Reserve	$ 1,045,622	$ 503,139	$ 1,548,761
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	70,000	-	70,000
	$ 1,205,622	$ 503,139	$ 1,708,761

18. 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:

	2026	2025
Excess of revenues over expenses per page 2	$ 359,711	$ (558,756)
Items not affecting cash:		
Amortization of tangible capital assets	41,295	41,533
Amortization of deferred government assistance	(11,441)	(11,441)
Write-off of deferred government assistance	-	-
Change in accrued interest from GICs	(3,366)	(3,909)
Interest income received relating to short-term investments	-	6,545
Bad debts (recovered)	1,797	(2,738)
	387,996	(528,766)
Net change in non-cash operating working capital accounts:		
Change in accounts receivable	71,345	1,029,288
Change in GST receivable	(7,284)	(1,749)
Change in wages and benefits payable	4,071	45,420
Change in government remittances payable	17,390	(26,679)
Change increase in trade payables and accruals	41,642	(27,105)
Change in contribution repayable	(608,028)	352,000
Change in deferred revenue	59,319	69,006
	(421,545)	1,440,181
Cash flows from operating activities per page 4	$ (33,549)	$ 911,415

19. RELATED PARTIES

The Society is related in terms of common ownership to all Government of 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.

	2026	2025
Expenses		
Aurora College: Professional development	$ -	$ 700
Workers' Safety and Compensation Commission	18,423	16,736
	$ 18,423	$ 17,436
Payables to related parties:		
Workers' Safety and Compensation Commission	$ -	$ 6,159
Receivables from related parties:		
GNWT - Infrastructure	$ 247,280	$ 325,880

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2026

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
CONTRIBUTIONS								
GOVERNMENT OF CANADA								
Crown-Indigenous Relations & Northern Affairs Canada (CIRNAC)								
Responsible Energy Approach for Community Heat and Electricity (REACHE)	119,006	175,500	-	-	(153,985)	140,521	-	140,521
Biomass Energy	-	-	-	-	79,529	79,529	79,529	-
Community Energy Planning	-	-	-	-	74,457	74,457	74,457	-
Total CIRNAC	119,006	175,500	-	-	-	294,506	153,985	140,521
Natural Resources - Canada (NRCAN)								
Greener Homes Affordability Program (GHAP)	-	20,000	-	-	-	20,000	20,000	-
Total Government of Canada	119,006	195,500	-	-	-	314,506	173,985	140,521
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Infrastructure - Core and Program Funding								
Core Funding	-	1,250,000	246,000	-	382,981	1,878,981	1,878,981	-
Alternative Energy Technologies Program (AETP)	-	300,000	-	-	(190,222)	109,778	109,778	-
Energy Rating Services Support Program (ERS)	-	150,000	-	-	126,613	276,613	276,613	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	-	-	(122,309)	77,691	77,691	-
Biomass Energy	-	100,000	-	-	(40,471)	59,529	59,529	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	(101,323)	98,677	98,677	-
Community Energy Planning	-	50,000	-	-	-	50,000	50,000	-
Reducing Energy Poverty	-	200,000	-	-	(55,269)	144,732	144,732	-
	-	2,450,000	246,000	-	-	2,696,000	2,696,000	-
Department of Infrastructure - Low Carbon Economy Leadership Fund (LCELF)								
Alternative Energy Technologies Program (AETP)	-	211,028	-	-	-	211,028	196,525	14,503
Energy Efficiency Incentive Program (EEIP)	-	149,347	-	-	-	149,347	139,083	10,264
Commercial Energy Conservation & Efficiency Program (CECEP)	-	189,689	-	-	-	189,689	176,652	13,037
	-	550,064	-	-	-	550,064	512,260	37,804

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
Department of Infrastructure								
Biomass Boiler Conference & Tour - 2026	-	40,000	-	-	-	40,000	40,000	-
Total INF	-	3,040,064	246,000	-	-	3,286,064	3,248,260	37,804
Department of Education, Culture and Employment (ECE)								
Job Creation Partnership	-	24,017	-	-	-	24,017	24,017	-
Firewood Access Project - Ft Simpson	-	40,844	-	-	-	40,844	40,844	-
Total ECE	-	64,861	-	-	-	64,861	64,861	-
Total GNWT	-	3,104,925	246,000	-	-	3,350,925	3,313,121	37,804
OTHER FUNDING								
McConnell Foundation								
Core Funding	-	9,277	-	-	-	9,277	9,277	-
Energy Rating Services Support Program (ERS)	-	12,875	-	-	-	12,875	12,875	-
Community Government Retrofits	-	29,646	-	-	-	29,646	29,646	-
Community Energy Planning	-	122,120	-	-	-	122,120	122,120	-
Reducing Energy Poverty	-	26,082	-	-	-	26,082	26,082	-
Total McConnell Foundation	-	200,000	-	-	-	200,000	200,000	-
Dehcho First Nations								
Reducing Energy Poverty	-	19,601	-	-	-	19,601	19,601	-
NAKA Power Utilities (NWT)								
Core Funding	-	10,000	-	-	-	10,000	10,000	-
Total Other Funding	-	229,601	-	-	-	229,601	229,601	-
Total contributions (note 8)	119,006	3,530,026	246,000	-	-	3,895,033	3,716,707	178,325

ARCTIC ENERGY ALLIANCE **Schedule II**

SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS

For the year ended March 31, 2026

	Total	Core Funding	Alternative Energy Technologies Program (AETP)	Energy Rating Services (ERS) Support Program	Energy Efficiency Incentive Program (EEIP)
REVENUES					
Contributions from GNWT	$ 3,313,121	1,878,981	306,303	276,613	216,774
Contributions from Canada	173,985	-	-	-	-
Non Government Funding	229,601	19,277	-	12,875	-
Membership fees	227,500	227,500	-	-	-
Other source income	57,986	44,519	-	-	-
Interest income	97,282	97,282	-	-	-
	4,099,475	2,267,560	306,303	289,488	216,774
EXPENSES					
Advertising and promotion	33,063	25,711	-	-	440
Amortization	-	-	-	-	-
Bad debts (recovered)	1,798	1,798	-	-	-
Consulting fees	209,389	43,837	-	54,202	-
Equipment rental	7,590	3,018	-	-	-
Facility rental and tradeshow fees	7,246	6,194	-	-	-
Fees and dues	25,921	17,086	-	8,835	-
Hospitality	36,560	5,967	-	-	-
Insurance	17,440	17,440	-	-	-
Interest and bank charges	2,791	2,791	-	-	-
Office and general	77,921	57,816	-	-	-
Professional development	25,290	25,290	-	-	-
Professional fees	37,377	37,377	-	-	-
Project Materials	52,555	-	-	-	-
Rebates	553,826	(4,689)	208,357	-	159,342
Rent and utilities	182,889	182,889	-	-	-
Telephone, internet and website	43,087	43,087	-	-	-
Travel and accommodation	163,808	47,653	-	14,463	-
Wages and benefits	2,231,358	1,364,730	97,946	211,988	56,992
	3,709,910	1,877,994	306,303	289,488	216,774
EXCESS OF REVENUES OVER EXPENSES	389,565	389,565	-	-	-
TRANSFERS					
Amortization of tangible capital assets	(41,295)	(41,295)	-	-	-
Amortization of government assistance	11,441	11,441	-	-	-
	(29,854)	(29,854)	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ 359,711	$ 359,711	$ -	$ -	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE **Schedule II**

SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS

For the year ended March 31, 2026

	Biomass Energy	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government (CG) Retrofits	Community Energy Planning (CEP)	Reducing Energy Poverty (REP)
REVENUES					
Contributions from GNWT	99,529	275,329	-	50,000	$ 209,593
Contributions from Canada	79,528	-	-	74,457	20,000
Non Government Funding	-	-	29,646	122,120	45,683
Membership fees	-	-	-	-	-
Other source income	13,467	-	-	-	-
Interest income	-	-	-	-	-
	192,524	275,329	29,646	246,577	275,276
EXPENSES					
Advertising and promotion	2,363	-	-	1,073	3,476
Amortization	-	-	-	-	-
Bad debts (recovered)	-	-	-	-	-
Consulting fees	19,690	-	-	67,793	23,868
Equipment rental	2,638	-	-	-	1,934
Facility rental and tradeshow fees	540	-	-	-	511
Fees and dues		-	-	-	-
Hospitality	25,556	-	-	1,882	3,155
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	20,043	-	-	-	62
Professional development	-	-	-	-	-
Professional fees	-	-	-	-	-
Project Materials	-	-	-	-	52,555
Rebates	-	190,816	-	-	-
Rent and utilities	-	-	-	-	-
Telephone, internet and website	-	-	-	-	-
Travel and accommodation	13,374	-	-	36,089	52,229
Wages and benefits	108,319	84,514	29,646	139,740	137,485
	192,524	275,329	29,646	246,577	275,276
EXCESS OF REVENUES OVER EXPENSES	-	-	-	-	-
TRANSFERS					
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ -

See accompanying notes.

COLLÈGE AURORA COLLEGE

Annual Report 2024-2025



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

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



Angela James
President



Raphael Kuvarega
Interim Vice President, Corporate Services & Administration

Fort Smith, Canada
November 21, 2025

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 2025, 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 2025, 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, the *Post-Secondary Education Act* and regulations, and the by-laws of Aurora College.

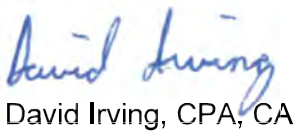
In our opinion, the transactions of Aurora College that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Aurora College Act*, we report that, in our opinion, the accounting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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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



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

Edmonton, Canada
21 November 2025

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2025
(in thousands of dollars)

	2025	2024
Financial assets		
Cash	$ 18,646	$ 17,110
Accounts receivable (Note 4)	2,153	4,045
Inventories for sale	150	139
	20,949	**21,294**
Liabilities		
Accounts payable and accrued liabilities (Note 14a and 18)	1,044	1,872
Payroll liabilities (Notes 14a and 17)	2,368	2,197
Unearned revenue (Note 16)	3,437	3,042
Due to the Government of the Northwest Territories (Note 10 and 14a)	8,084	6,056
Employee future benefits (Note 5)	2,160	1,495
Professional development fund (Note 6)	3,438	3,667
	20,531	**18,329**
Net financial assets	**418**	**2,965**
Non-financial assets		
Prepaid expenses	432	750
Tangible capital assets (Note 7)	12,083	9,945
	12,515	**10,695**
Accumulated surplus (Note 8)	**$ 12,933**	**$ 13,660**

Contractual obligations and contingent liability (Note 12)
Contractual rights (Note 13)

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

Approved by the Board:

Kenny Ruptash
Chairperson of the Board

Grant Hood
Chairperson of the Audit & Finance Committee

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2025
(in thousands of dollars)

	2025 Budget	2025 Actual	2024 Actual*
Revenues (Schedule A)			
Government of the Northwest Territories revenues (Note 9)	$ 47,284	$ 44,943	$ 51,455
Government of Canada revenues	4,450	4,119	2,449
Other third party revenues			
Project income	5,884	1,917	2,470
Other revenues	-	305	-
Own Source revenues			
Tuition fees	2,657	2,597	2,368
Room and board	975	990	813
Interest income	780	971	1,078
Recoveries and other	1,055	912	896
Western Arctic Research Centre expansion (Note 19b)	-	2,995	2,263
	63,085	59,749	63,792
Expenses (Schedule A)			
Education and training	20,082	21,944	19,425
Student services	11,188	12,070	12,169
Community and extensions	8,733	8,375	8,215
Aurora Research Institute	8,333	6,904	6,441
Pooled services	8,882	5,747	10,734
Corporate services and administration	5,867	5,436	4,696
	63,085	60,476	61,680
Annual (deficit) surplus	**-**	**(727)**	**2,112**
Accumulated surplus at beginning of year	13,660	13,660	11,548
Accumulated surplus at end of year	**$ 13,660**	**$ 12,933**	**$ 13,660**

*Certain comparative figures have been reclassified to conform with the current year's presentation (Note 21).

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

AURORA COLLEGE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended June 30, 2025
(in thousands of dollars)

	2025 Budget	2025 Actual	2024 Actual
Annual (deficit) surplus	$ -	$ (727)	$ 2,112
Acquisition of tangible capital assets	(85)	(3,311)	(2,791)
Disposal of tangible capital assets	-	-	13
Amortization of tangible capital assets	1,850	1,173	1,514
	1,765	(2,138)	(1,264)
Decrease (increase) in prepaid expenses	-	318	(30)
(Decrease) increase in net financial assets	1,765	(2,547)	818
Net financial assets at beginning of year	2,965	2,965	2,147
Net financial assets at end of year	**$ 4,730**	**$ 418**	**$ 2,965**

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2025
(in thousands of dollars)

	2025	2024
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$ 42,274	$ 38,588
Students and other third parties	7,452	7,635
Government of Canada	3,151	3,493
Interest	971	1,078
Cash paid for/to:		
Compensation and benefits	(37,147)	(37,558)
Suppliers	(14,341)	(15,990)
Cash (used for) provided by operating transactions	**2,360**	**(2,754)**
Capital transactions		
Acquisition of tangible capital assets	(824)	(458)
Cash used for capital transactions	**(824)**	**(458)**
(Decrease) increase in cash	**1,536**	**(3,212)**
Cash at beginning of year	17,110	20,322
Cash at end of year	**$ 18,646**	**$ 17,110**

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

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2025

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) Transfers from the Government of the Northwest Territories

The College receives monthly transfers from the Government of the Northwest Territories ("Government") based on appropriations consistent with the Government's Main Estimates and adjusted for supplementary appropriations. The transfers 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 transfers received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of the significant accounting policies.

a) Measurement uncertainty

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Cash

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

c) Tangible capital assets

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

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

Work in progress costs are capitalized as incurred. Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service.

d) Employee future benefits

i) Pension benefits

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

ii) Severance, removal and compensated absences

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

Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 termination benefits and maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

e) Government transfers

Government transfers 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. Transfers are recognized as unearned revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as the stipulation liabilities are settled.

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

Government transfers includes revenues from both the Government of Northwest Territories and the Government of Canada.

f) Other revenues

Other revenues from non-exchange transactions
Non-exchange transactions are transactions or events where there is no direct transfer of goods and services to a payor. The College recognizes revenues which include fees, fines, etc., in a non-exchange transaction when the College has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset. The College records revenues from these transactions at realizable value, which is generally the amount of cash received or receivable. These revenues are included in Recoveries and other.

Other revenues from exchange transactions
Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods and services directly to a payor in return for promised consideration. These revenues are recognized when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation.

Own source revenues include tuition fees, room and board and recoveries and other with a performance obligation. Tuition fees and room and board transactions consist of single performance obligations that are satisfied over time.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Tuition fees are recognized when the services are substantially provided, or the products delivered. Tuition fees received in advance of courses being delivered are considered unearned and recognized when the courses are delivered.

- Room and board revenues are recognized when the services are provided in accordance with the terms of the rental agreements.

- Recoveries and other include recoveries from book sales, parking stalls, laundry, etc. These transactions mainly consist of a single performance obligation that is satisfied at a point in time. These recoveries are recognized when or as the goods or services are delivered.

Project income revenues that do not meet the definition of a government transfer are recognized by the College for the provision of education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. They may involve single or multiple performance obligations depending on the agreement. Where a performance obligation is satisfied over time, the College measures its progress of satisfying the performance obligation considering the characteristic of the services being provided and the terms of delivery included in the contractual arrangement. Where consideration is received from a payor prior to the provision of goods or services, these amounts are initially included in unearned revenue provided the definition of a liability is met. They are subsequently recognized as revenue as performance obligations are met.

g) Interest Income

Interest income is recognized on an accrual basis.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Prepaid expenses

Payment made prior to the related services being rendered are recorded as a prepaid expense. Prepaid expenses are recognized as an expense or tangible capital asset as the related services are rendered.

k) Funds and reserves

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

l) Financial instruments

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

The College's financial assets include cash and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities, payroll liabilities and due to Government 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 Board of Governors 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 Board of Governors 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

The College receives certain services provided by the Government without charge (Note 11). The Government's cost for these services, measured at the carrying amount are recognized as an expense with an offsetting credit to Services received without charge revenues in order to reflect the cost of the College's operations in its financial statements. Services received without charge that cannot be reliably measured are not recognized.

o) Inventories for sale

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

p) Western Arctic Research Centre expansion

The College receives cash and goods in-kind as part of the Western Arctic Research Centre (WARC) expansion project. The Government builds the WARC expansion on behalf of the College. The College has assessed that it controls the asset as it is built.

Where a cash or tangible capital asset transfer is provided by a federal or territorial government department, agency, or corporation, or other third party, the College recognizes the transfer as revenue once the eligibility criteria are met and the payments are authorized, except to the extent that transfers give rise to an obligation that meets the definition of a liability.

The College recognizes an asset arising from a transfer when it gains control of the resources that meet the definition of an asset, it is expected that the inflow of resources will occur, and their value can be reliably measured. Where a tangible capital asset transfer is provided by the Government for no consideration, the College recognizes the asset as the work in progress costs are incurred, consistent with its policy for tangible capital assets in Note 2c).

3. FUTURE ACCOUNTING CHANGES

Effective July 1, 2026, the College will be required to adopt the new *Conceptual Framework for Financial Reporting in the Public Sector*. Earlier adoption of the new framework is allowed. The College is currently assessing the impact of this section on the financial statements.

Effective July 1, 2026, the College will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the *Conceptual Framework for Financial Reporting in the Public Sector* is early adopted. The College is currently assessing the impact of this standard on the financial statements.

4. ACCOUNTS RECEIVABLE

	2025			2024
	(in thousands)			
	Accounts Receivable	Allowance	Net	Net
Other	$ 1,089	$ 277	$ 812	$ 583
Government of the Northwest Territories	441	-	441	3,094
Government of Canada	676	-	676	252
Students	615	391	224	116
	$ 2,821	$ 668	$ 2,153	$ 4,045

5. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and all eligible employees contribute to the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was $1.01 (2024 - $1.02) for every dollar contributed by the employee, and $5.09 (2024 - $4.63) for every dollar contributed by the employee for the portion of the employee's salary above $210,200 (2024 - $202,000).

The Public Service Pension Plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains 60. For new employees who are participating in the Plan on or after January 1, 2013, the College contributes $1.00 (2024 - $1.00) for every dollar contributed by the employee, and $5.09 (2024 - $4.63) for every dollar contributed by the employee for the portion of the employee's salary above $210,200 (2024 - $202,000).

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

	2025	2024
	(in thousands)	
College's contributions	$ 2,983	$ 2,462
Employees' contributions	2,786	2,453
	$ 5,769	$ 4,915

b) Severance, removal and compensated absences

The College provides severance (involuntary termination, 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 (involuntary termination, resignation or 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. These benefits, excluding involuntary termination, were valued using the projected unit credit methodology.

5. EMPLOYEE FUTURE BENEFITS (continued)

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

Valuation results

The actuarial valuation was completed as at February 12, 2025. The results were extrapolated to June 30, 2025. The effective date of the next actuarial valuation is February 29, 2028. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the College.

Changes in Obligation	Severance and Removal	Compensated Absences	2025	2024
			(in thousands)	
Accrued benefit obligation, beginning of year	$961	$364	$1,325	$1,341
Current service cost	48	29	77	79
Interest cost	51	20	71	66
Benefits paid	(351)	(23)	(374)	(67)
Actuarial (gain)/loss	513	(145)	368	(94)
Accrued benefit obligation, end of year	1,222	245	1,467	1,325
Unamortized net actuarial gain/(loss)	(468)	251	(217)	170
Accrued benefit liability	754	496	1,250	1,495
Other employee future benefits	910	-	910	-
Total employee future benefits	**$ 1,664**	**$ 496**	**$ 2,160**	**$ 1,495**

Benefits Expense	Severance and Removal	Compensated Absences	2025	2024
			(in thousands)	
Current service cost	$48	$28	$76	$79
Interest cost	51	20	71	65
Amortization of net actuarial (gain)/loss	(8)	(11)	(19)	(33)
Total	**$91**	**$37**	**$128**	**$111**

5. EMPLOYEE FUTURE BENEFITS (continued)

Assumptions

	June 30, 2025	June 30,2024
Discount Rate	4.3% per annum	5.3% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate (removal benefits)	Nil	Nil
Mortality	CPM 2014 Public Mortality Table with MI-2017 improvement scale	CPM 2014 Public Mortality Table with MI-2017 improvement scale

The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
	(in thousands)		
2026	$ 1,181	$ 16	$ 1,197
2027	159	16	175
2028	156	21	177
2029	154	25	179
2030	147	28	175
Total	**$ 1,797**	**$ 106**	**$ 1,903**

6. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make contributions to the professional development fund, in the amount of a) 3% of eligible instructor's salaries, and b) $1,500 for each eligible instructor. All staff are eligible to access the fund. 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.

	2025	2024
	(in thousands)	
Professional development fund, beginning of year	$ 3,667	$ 3,572
Contributions	581	617
Professional development paid during the year	(810)	(522)
Professional development fund, end of year	$ 3,438	$ 3,667

AURORA COLLEGE
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7. TANGIBLE CAPITAL ASSETS

(in thousands)	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	Work in progress	2025 Total	2024 Total
Cost							
Opening balance	$ 6,441	$ 1,991	$ 11,089	$ 1,871	$ 6,303	$ 27,695	$ 25,310
Additions	200	-	605	19	2,487	3,311	2,791
Disposals	-	-	-	-	-	-	(406)
Closing balance	6,641	1,991	11,694	1,890	8,790	31,006	27,695
Accumulated amortization							
Opening balance	4,779	1,991	9,387	1,593	-	17,750	16,629
Amortization	337	-	782	54	-	1,173	1,514
Disposals	-	-	-	-	-	-	(393)
Closing balance	5,116	1,991	10,169	1,647	-	18,923	17,750
Net book value	**$ 1,525**	**$ -**	**$ 1,525**	**$ 243**	**$ 8,790**	**$ 12,083**	**$ 9,945**

8. 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, 2024	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2025
a) Northern strategic research reserve	$ 625	$ -	$ -	$ -	$ 625
b) Research & development	377	-	-	-	377
c) Restricted donations	35	-	-	-	35
Total reserves	1,037	-	-	-	1,037
Operating surplus (deficit)	**12,623**	**(727)**	**-**	**-**	**11,896**
Total accumulated surplus	**$ 13,660**	**$ (727)**	$ -	$ -	**$ 12,933**

8. ACCUMULATED SURPLUS (continued)

a) Northern strategic research reserve

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

b) 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.

c) 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.

9. GOVERNMENT OF THE NORTHWEST TERRITORIES REVENUES

	2025	2024
	(in thousands)	
Operating transfers	$ 32,614	$ 33,536
Project income - government transfers	5,881	11,816
Project income - other	429	-
Services received without charge (Note 11)	6,019	6,103
	$ 44,943	$ 51,455

The College received 75% (2024 - 81%) of its revenue in the form of a transfer, project income and services without charge from the Government. The College's continued operations are dependent on these arrangements.

10. RELATED PARTIES

The College has Government receivables from project income and the base funding transfer disclosed in Note 9. In addition, the Government transfers tuition revenue, the value of which is $251,000 (2024 - $426,000) and this is recognized on the Statement of Operations and Accumulated Surplus within Tuition fees. 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.

	2025	2024
	(in thousands)	
Due from Government of the Northwest Territories (Note 4)	$ 441	$ 3,094
Due to the Government of the Northwest Territories		
Liability for payroll services provided	$ 7,669	$ 4,944
Other & Repayable program advances	$ 415	$ 1,112
Total amount due to Government of the Northwest Territories	$ 8,084	$ 6,056

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

Expenses

The employees of the College are paid by the Government. The College reimbursed the Government for payroll expenses paid (Schedule A) of $39,577,000 during 2025 (2024 - $37,915,000) which are recorded at the exchange amount.

10. RELATED PARTIES (continued)

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government $1,085,000 (2024 – $1,256,000) for facility operating and utility costs, employee benefits and other expenses which are recorded at the exchange amounts in these statements. The College reimbursed the Government $0 (2024 - $650,000) for costs to transform to a polytechnic university, which are recorded at the exchange amounts in these statements.

11. SERVICES RECEIVED WITHOUT CHARGE

During the year, the College received contract services, building utilities, building leases and repairs and maintenance without charge from the Government.

There are building leases, of two facilities for two campuses, certain housing units and community learning centers, in place between the College and the Government without any rental charges for the use. The cost of the use of these facilities is based on the Government's amortization and accretion expenses for these assets, which is the carrying amount.

In addition, contract services without charge from the Government include insurance and risk management, legal counsel, project management and translation services. These services have been recorded based on the carrying amount confirmed by the Government.

	2025	2024
	(in thousands)	
Building utilities	$ 2,605	$ 2,487
Building leases	2,022	1,973
Repairs and maintenance	1,010	1,261
Contract services	382	382
	$6,019	$6,103

Services that are part of the central agency role of the Government, provided through its shared services division are not tracked. Therefore, the cost cannot be reasonably estimated and they are not recorded in these financial statements. These services include, but are not limited to, construction management, records storage, computer operations, asset disposal, human resource management, payroll processing, medical travel and benefits administration.

12. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITY

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

	Service agreements	Operating leases	Research subgrants
		(in thousands)	
2026	$ 528	$ 5,057	$ 659
2027	131	4,143	-
2028	110	4,032	-
2029	82	3,976	-
Thereafter	2	11,761	-
	$ 853	$ 28,969	$ 659

In the normal course of operations, the College may be subject to legal claims. At year-end, one claim remains against the College. Management has assessed that the probable resolution of the claim is not determinable. No provision has been made in the financial statements as at June 30, 2025.

13. 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, 2025:

Funding Partner	**2025- 2026**	**2027-2031**	**Total**
		(in thousands)	
Government of Canada	$2,656	$2,433	$ 5,089
Other	2,048	1,506	3,554
Government of the Northwest Territories	1,081	1,991	3,072
	$ 5,785	**$5,930**	**$ 11,715**

14. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities and due to the Government, 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. The expected contractual maturities for the College's financial liabilities are as follows:

	0-90 days	91-365 days	1 to 2 years	over 2 years
		(in thousands)		
Due to the Government of the Northwest Territories	8,084	-	-	-
Payroll liabilities	2,368	-	-	-
Accounts payable and accrued liabilities	1,034	10	-	-
	$ 11,486	$ 10	$ -	$ -

(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 $18,646,000 (2024 - $17,110,000).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at June 30, 2025, the College's debtors are the Government, 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 $2,153,000 (2024 - $4,045,000).

14. FINANCIAL RISK MANAGEMENT (continued)

At June 30, 2025, the following accounts receivable were past due but not impaired.

	91-365 days	1 to 2 years	over 2 years
		(in thousands)	
Students	$ 77	$ 130	$ -
Other third parties	160	10	-
Government of the Northwest Territories	25	83	6
Government of Canada	3	46	43
	$ 265	$ 269	$ 49

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

(c) Interest rate risk

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

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

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

The College is expected to settle the professional development fund in the medium term and the fair value of this liability does not differ significantly from its carrying value.

16. UNEARNED REVENUE

Unearned revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

	Government of NWT and Canada	Other third parties	Own source	Western Arctic Research Centre expansion	2025	2024
			(in thousands)			
Balance, beginning of year	$ 1,752	$ 463	$ -	$ 827	$ 3,042	$ 7,064
Additions	5,540	1,647	149	-	7,336	7,787
Revenue recognized	(5,333)	(1,099)	-	(509)	(6,941)	(11,809)
Balance, end of year	$ 1,959	$ 1,011	$ 149	$ 318	3,437	3,042

17. PAYROLL LIABILITIES

	2025	2024
	(in thousands)	
Vacation leave accrual	$ 2,050	$ 1,862
Time off in lieu of overtime	283	286
Special leave and salaries accrual	35	49
	$2,368	$2,197

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
	(in thousands)	
Trade accounts payable	$ 657	$ 1,367
Accrued accounts payable	386	479
Other payables	1	26
	$1,044	$1,872

19. TRANSFORMATION

a) Transformation to a polytechnic university

Aurora College is continuing on the path to transformation towards becoming a polytechnic university. While the development will not be complete by 2025, as was initially forecasted, the College is continuing to work with the Campus Alberta Quality Council (CAQC) on the institutional review and quality assurance processes, and with the Government of the Northwest Territories to determine a sustainable funding model for the polytechnic university.

To date, the College has spent $12,863,000 in operational costs related to the transformation, which includes the completion of a wide range of projects, some of which can be found on the Aurora College Transformation website under the Progress Tracker and Critical Milestone Timeline. Of this cost, $6,893,000 has been funded internally and $5,970,000 has been funded by the Government.

	2025	2024	2019 - 2023	Total
		(in thousands)		
Revenues				
Government of the Northwest Territories	$ 500	$ 4,286	$ 1,184	$ 5,970
Revenue total	**500**	**4,286**	**1,184**	**5,970**
Expenses				
Compensation and benefits	607	914	7,257	8,778
Contract services	170	587	2,774	3,531
Materials and supplies	3	1	225	229
Building leases	-	105	7	112
Fees and payments	-	24	69	93
Travel and accommodation	-	24	52	76
Small equipment	8	-	34	42
Communication, postage and freight	-	-	6	6
Repairs and maintenance	-	-	(4)	(4)
Expense total	**788**	**1,655**	**10,420**	**12,863**
Aurora College contribution	**$ (288)**	**$ 2,631**	**$ (9,236)**	**$ (6,893)**

b) Western Arctic Research Centre expansion project

Also related to transformation is the Western Arctic Research Centre expansion project. In partnership with industry leaders, a brand new state of the art warehouse facility is in the

19. TRANSFORMATION (continued)

process of being built (Note 7 – Work in progress). This project will place an increased importance on research activity and productivity, as well as technology development in partnership with small businesses and industry. This will create growth opportunities, encourage innovation, and attract new investments in research and technology development to the institution.

20. SEGMENTED DISCLOSURES

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:

Corporate services and administration
Corporate services and administration provides institutional support through the delivery of finance, information systems and technology, and policy services. This division is responsible for financial planning and reporting, maintaining secure and responsive digital infrastructure, and developing policy frameworks that guide consistent and informed decision-making. These services are essential to the effective operation of the College and contribute to its ability to meet strategic and operational goals. See Note 21 for changes to comparative information as a result of the amalgamation of information systems and technology and policy services, formerly included in Education and training, with Financial and accounting services to create Corporate services and administration.

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. Also included in the pooled services are the costs related to the transformation to a polytechnic university.

20. SEGMENTED DISCLOSURES (continued)

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, and the library.

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

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

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. During the year, information systems and technology, and policy services, formerly included in Education and training, were combined with Financial and accounting services division to create Corporate services and administration. Comparative figures have been reclassified to reflect the newly reported segment.

Statement of Operations and Accumulated Surplus	Previously reported 2024	Reclassification	After reclassification 2024
		(in thousands)	
Education and training	$ 21,610	$ (2,185)	$ 19,425
Corporate services and administration	$ -	$ 4,696	$ 4,696
Financial and accounting services	$ 2,511	$ (2,511)	$ -

AURORA COLLEGE
Segmented disclosures
June 30, 2025

Schedule A

	Corporate services and admin	Pooled services*	Student services	Education and training	Community and extensions	Aurora Research Institute	2025 Total	2025 Budget	2024 Total
For the year ended June 30, 2025 (in thousands)									
Revenues									
Government of the Northwest Territories revenues	$4,913	$ 5,438	$10,124	$15,184	$7,130	$2,154	$44,943	$47,284	$51,455
Government of Canada revenues	-	-	-	1,189	15	2,915	4,119	4,450	2,449
Other third party revenues									
Project income	-	-	29	1,217	20	651	1,917	5,884	2,470
Other revenues	-	-	-	81	-	224	305	-	-
Own Source revenue									
Tuition fees	108	-	57	1,870	562	-	2,597	2,657	2,368
Room and board	-	-	877	-	-	113	990	975	813
Interest income	971	-	-	-	-	-	971	780	1,078
Recoveries and other	104	62	252	268	93	133	912	1,055	896
Western Arctic Research Centre expansion	-	2,487	-	-	-	508	2,995	-	2,263
	6,096	7,987	11,339	19,809	7,820	6,698	59,749	63,085	63,792
Expenses									
Compensation and benefits	4,435	2,105	5,070	15,035	7,703	5,229	39,577	37,468	37,915
Building leases	-	6	5,581	2,022	114	34	7,757	7,476	7,789
Utilities	-	-	127	2,633	4	13	2,777	3,064	2,644
Contract services	136	453	272	323	276	820	2,280	2,672	3,603
Repairs and maintenance	201	1,009	292	219	9	29	1,759	3,390	2,067
Materials and supplies	334	121	165	750	114	207	1,691	2,154	1,776
Fees and payments	151	683	63	254	37	101	1,289	1,973	1,596
Amortization of tangible capital assets	-	1,173	-	-	-	-	1,173	1,850	1,514
Communication, postage and freight	15	101	408	77	40	154	795	946	798
Travel and accommodation	26	89	36	205	59	246	661	1,034	1,172
Small equipment	138	4	56	97	14	71	380	604	586
Professional services	-	3	-	329	5	-	337	454	220
	5,436	5,747	12,070	21,944	8,375	6,904	60,476	63,085	61,680
Annual (deficit) surplus	$ 660	$ 2,240	$ (731)	$(2,135)	$ (555)	$ (206)	$ (727)	$ -	$ 2,112

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

Housing Northwest Territories

Consolidated Financial Statements

March 31, 2026

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 Housing NWT 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 Housing NWT's statutory requirements and policies.

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

On behalf of Housing NWT

Terence Courtoreille, CPA
President and CEO

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

Yellowknife, Northwest Territories
August 26, 2026

Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Housing Northwest Territories

Opinion

We have audited the consolidated financial statements of Housing Northwest Territories and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2026, 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 2026, 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.

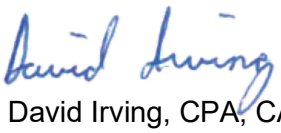
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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
26 August 2026

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Financial Position
As at March 31, 2026
(in thousands)

	2026	2025
Financial assets		
Cash and cash equivalents	$ 148,918	$ 83,817
Portfolio investments (Note 3)	1,024	56,778
Accounts receivable (Note 4)	15,650	25,306
Mortgages and loans receivable (Note 5)	2,619	2,909
	168,211	168,810
Liabilities		
Accounts payable and accrued liabilities (Note 6)	49,824	40,249
Deferred revenue (Note 7)	1,166	21,359
Loans and mortgages payable to CMHC (Note 8)	1,880	2,575
Environmental liabilities (Note 10)	680	886
Retirement, post-employment, and other leave benefits	1,974	2,199
Asset retirement obligations (Note 9)	48,097	48,778
	103,621	116,046
Net financial assets	64,590	52,764
Non-financial assets		
Tangible capital assets (Schedule A)	455,830	421,045
Inventories held for use	2,423	2,452
Prepaid expenses	61	102
	458,314	423,599
Accumulated surplus	$ 522,904	$ 476,363

Contractual rights, contractual obligations and contingencies (Notes 12, 13 and 14)

Approved by:

Hon. Lucy Kuptana
Minister Responsible for Housing Northwest Territories

Terence Courtoreille, CPA
President and CEO

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2026
(in thousands)

	2026 Budget	2026 Actual	2025 Actual
Revenues			
Government funding:			
Government of the Northwest Territories (Note 17)	$ 81,910	$ 134,922	$ 87,081
CMHC (Note 11)	20,745	40,148	26,393
Other grants and transfers	-	313	1,138
	102,655	175,383	114,612
Generated revenues:			
Rental revenue	13,507	15,332	14,866
Recoveries from mortgages and loans	475	585	507
Income from portfolio investments	1,300	3,308	5,819
Gain on derecognition of asset retirement obligations	-	898	-
Other revenue and recoveries	419	1,649	1,671
Interest revenue on mortgages and loans	90	43	62
	15,791	21,815	22,925
	118,446	197,198	137,537
Expenses (Note 15)			
Public housing program	74,154	89,676	78,933
Unilateral CMHC programs and other programs	2,629	2,269	2,325
HELP and market housing	12,519	12,679	12,211
Non-residential building operations	552	622	508
Rent subsidy program	2,000	1,126	808
Homelessness fund program	4,419	10,035	8,408
Homeownership assistance grants	9,385	6,073	7,832
Housing operations and support	20,851	28,177	24,928
	126,509	150,657	135,953
Annual surplus	$ (8,063)	$ 46,541	$ 1,584
Accumulated surplus, beginning of year	476,363	476,363	474,779
Accumulated surplus, end of year	$ 468,300	$ 522,904	$ 476,363

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2026
(in thousands)

	2026 Budget	2026 Actual	2025 Actual
Net financial assets, beginning of the year	$ 52,764	$ 52,764	$ 66,086
Items affecting net financial assets:			
Annual surplus	(8,063)	46,541	1,584
Acquisition of tangible capital assets (Schedule A)	(11,550)	(56,884)	(34,574)
Amortization of tangible capital assets (Note 16, Schedule A)	17,500	18,533	18,757
Proceeds from disposal of tangible capital assets	-	116	-
Derecognition of asset retirement obligations	-	(898)	-
Loss on disposal of tangible capital assets	-	1,915	639
Asset retirement cost adjustment (Note 9)	-	2,433	286
Acquisition of inventories held for use	-	(2,068)	(2,338)
Consumption of inventories held for use	-	2,097	2,352
Acquisition of prepaid expenses	-	(37)	(81)
Consumption of prepaid expenses	-	78	53
Increase (decrease) in net financial assets	(2,113)	11,826	(13,322)
Net financial assets, end of the year	$ 50,651	$ 64,590	$ 52,764

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Cash Flow
For the year ended March 31, 2026
(in thousands)

	2026	2025
Operating transactions		
Annual surplus	$ 46,541	$ 1,584
Items not affecting cash:		
Amortization of tangible capital assets	18,533	18,757
Accretion of asset retirement obligations	2,282	2,133
Gain on derecognition of Asset Retirement Obligations	(898)	-
Non-cash interest expense	155	195
Loss on disposal of tangible capital assets and write-down	1,915	639
Non-cash CMHC Revenue	(703)	(760)
Non-cash portfolio investment income	1,821	(504)
Non-cash mortgage funding adjustments	56	146
Change in valuation allowances	911	(733)
	24,072	19,873
Change in non-cash assets and liabilities:		
Change in accounts receivable	8,208	(14,059)
Change in asset retirement obligations	(530)	-
Change in inventories held for use	29	11
Change in prepaid expenses	41	(28)
Change in accounts payable and accrued liabilities	5,334	5,274
Change in deferred revenue	(20,193)	(3,565)
Change in environmental liabilities	(206)	(209)
Change in retirement, post-employment, and other leave benefits	(225)	(69)
	(7,542)	(12,645)
Cash provided by operating transactions	63,071	8,812
Capital transactions		
Acquisition of tangible capital assets	(52,643)	(28,303)
Proceeds from disposal of tangible capital assets	116	-
Cash used for capital transactions	(52,527)	(28,303)
Financing transactions		
Repayment of loans payable to CMHC	(147)	(146)
Cash used for financing transactions	(147)	(146)

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Cash Flow (continued)
For the year ended March 31, 2026
(in thousands)

	2026	2025
Investing transactions		
Proceeds from sale of portfolio investments	53,933	30,580
Acquisition of portfolio investments	-	(16,427)
Repayments of mortgages and loans receivable	771	886
Cash provided by investing transactions	54,704	15,039
Increase (decrease) in cash and cash equivalents	65,101	(4,598)
Cash and cash equivalents at beginning of the year	83,817	88,415
Cash and cash equivalents at end of the year	$ 148,918	$ 83,817

Total interest received during the year was $3,350 (2025 - $4,657).
Interest received includes interest revenue on mortgages and loans receivable and interest revenue included in income from portfolio investments.

Cash and cash equivalents are comprised of $148,918 (2025 - $68,130) of cash and nil (2025 - $15,687) of cash equivalents.

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
For the year ended March 31, 2026
(in thousands)

1. PURPOSE OF THE ORGANIZATION

(a) Authority and reporting entity

The passing of Bill 56 on April 1, 2023 to the *Northwest Territories Housing Corporation Act* resulted in renaming of that Act as well as the entity, to Housing Northwest Territories ("Housing NWT"). Housing NWT is a territorial corporation, established under the *Housing Northwest Territories Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, Housing NWT operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for Housing NWT. Housing NWT is exempt from income tax but is subject to Goods and Services Tax.

Housing NWT'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. Housing NWT works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

(b) Economic dependence

Housing NWT's public housing program is delivered by twenty-three community-based local housing organizations (LHOs) and one Housing Division operated by an Indigenous government. 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 Housing NWT and the LHOs which outline the roles and responsibilities of each party.

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

(c) Budget

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

(a) Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires Housing NWT to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as related disclosures. These estimates are based on the best information available at the time the financial statements are prepared and, by their nature, are subject to measurement uncertainty. Actual results could differ significantly from those estimates.

The more significant areas requiring management to make estimates and assumptions include the measurement of asset retirement obligations; the allowance for impaired mortgages and loans receivable; the allowance for tenant rent receivables; and the estimated useful lives and amortization of tangible capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty (continued)

Estimates and underlying assumptions are reviewed periodically and are revised when new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods, where applicable. Changes in the underlying assumptions or circumstances could result in material changes to the amounts recognized or disclosed in the consolidated financial statements.

(b) Reporting entity

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

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 Association
Tuktoyaktuk Housing Association
Tulita Housing Association
Ulukhaktok Housing Association
Whati Housing Authority
Yellowknife Housing Authority

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

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

(c) Revenue recognition

i) Government transfers

Housing NWT receives funding for operating and capital purposes from the Government.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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

ii) General revenues

Under revenues there are two categories of transactions – exchange and non-exchange. If the transaction gives rise to one or more performance obligations, it is an exchange transaction. If no performance obligations are present, it is a non-exchange transaction. There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied.

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognized when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation. Where consideration is received from a payor prior to the provision of goods or services, these amounts are initially included in deferred revenue provided the definition of a liability is met. They are subsequently recognized as revenue as performance obligations are met.

Rental income is comprised of rent charged to tenants for use of a housing unit. The service is provided over the month through use of the housing unit and is a separate performance obligation. Once the term of the month has passed, the performance obligation is fulfilled and the associated rent for that month is recognized as revenue. Amounts collected in advance of the related month are recorded as deferred revenue.

(d) Programs

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

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

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

Housing NWT 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs (continued)

iii) Homeownership assistance grants

Housing NWT, 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 Housing NWT. 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 and/or community of the applicant and are not expected to be repaid unless certain conditions are not met, and 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 recipient.

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

(e) Cash and cash equivalents

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

(f) Portfolio investments

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

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

(g) Mortgages and loans receivable

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable (continued)

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

(h) Loan guarantees

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

(i) Asset retirement obligations

A liability for an asset retirement obligation (ARO) is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for Housing NWT to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an ARO incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an ARO are expected to occur over extended future periods. The discount rate used reflects Housing NWT's cost of borrowing associated with the estimated number of years to complete the retirement or remediation.

When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized consistent with the tangible capital asset policy discussed below. An ARO may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. Housing NWT recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. Housing NWT continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Tangible capital assets

i) Land and buildings

Land and housing units constructed or purchased by Housing NWT are recorded at cost. Housing materials are also recorded at cost and included in work in progress.

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

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

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

ii) Property and equipment

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

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

(k) 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.

(l) Employee future benefits

i) Pension Benefits

(a) Public Service Pension Plan

All eligible employees of Housing NWT 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 Housing NWT to cover current service cost. Housing NWT’s contributions are charged as an expense on a current year basis and represent the total pension obligations. Housing NWT is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

(b) Northern Employee Benefits Service (NEBS) Pension Plan

Eligible employees of the following LHOs are covered by the NEBS. This plan is a multi-employer contributory

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

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	Inuvik Housing Authority
Deline Housing Association	Lutsel K'e Housing Authority
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Resolution Housing Authority	Tulita Housing Association
Fort Simpson Housing Authority	Whati Housing Authority
Fort Smith Housing Authority	Yellowknife Housing Authority
Gameti Housing Authority	

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

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

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

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

(m) 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. Housing NWT 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Related party transactions

Housing NWT 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 Housing NWT. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

i) Inter-entity transactions

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

ii) Other related party transactions

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

iii) Services provided without charge

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

3. PORTFOLIO INVESTMENTS

	2026	2025
Marketable securities (fair value $1,024; 2025 - $57,033)	$ 1,024	$ 56,778

4. ACCOUNTS RECEIVABLE

	2026	2025
Tenant rents receivable, before allowance of $11,712 (2025 - $10,240)	$ 16,125	$ 13,819
Trade accounts receivable, before allowance of $1,133 (2025 - $1,157)	10,136	7,948
	26,261	21,767
Less allowance for doubtful accounts	(12,845)	(11,397)
	13,416	10,370
Receivables from CMHC	118	10,576
Other receivables from Government of Canada	1	110
Receivables from related parties:		
Government of the Northwest Territories	2,115	4,250
	$ 15,650	$ 25,306

Tenant rents receivable of $509 (2025 - $1,330) were forgiven during the year.
Trade accounts receivable include GST receivable of $9,037 (2025 - $5,193).

5. MORTGAGES AND LOANS RECEIVABLE

	2026	2025
Housing NWT's mortgages and loans to individuals are receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property, bearing fixed interest rates between 0.00% and 10.50% (2025 - 0.00% and 10.50%).	$ 8,081	$ 8,908
Less allowance for impaired mortgages and loans receivable	(5,462)	(5,999)
	$ 2,619	$ 2,909

There were 8 accounts forgiven in the current year totaling $373 (2025 - 20 accounts totalling $1,195).

Of the accounts forgiven, 6 accounts totalling $185 (2025 - 15 accounts totalling $882) are related to forgivable loans that were expensed in prior years.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Trade payables	$ 26,734	$ 19,199
Contractor holdbacks	3,805	4,527
Wages and employee benefits	2,862	2,833
Damage deposits	2,597	2,588
Tender and security deposits	626	381
Accrued interest	51	51
Payables to GNWT and Related Parties	13,149	10,670
	$ 49,824	$ 40,249

7. DEFERRED REVENUE

Deferred revenue of $1,166 (2025 - $21,359) is mainly comprised of funding received under the CMHC Rapid Housing Initiative (RHI) - city stream to repair a 36 unit apartment building in the amount of $297 in 2026 (2025 - $3,695), funding for the Climate Change Risk Assessment of Housing NWT's assets in the amount of $15 (2025 - $270), CMHC Rapid Housing Initiative (RHI) - project stream to build a 50 unit apartment building in the amount of nil (2025 - $16,420), and the remainder consists primarily of prepaid rental revenue collected by Local Housing Organizations (LHO's) and is recognized as revenue in the periods to which the rent relates.

8. LOANS AND MORTGAGES PAYABLE TO CMHC

	2026			2025
	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 2027 to 2039, at interest rates from 7.63% to 19.00% (2025 - 7.63% to 19.00%).	$ 15,805	$ (15,805)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2025 - 6.97%). These loans are guaranteed by the Government.	3,994	(2,219)	1,775	2,323
Mortgages payable to CMHC for housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 0.68% to 1.01%, (2025 - 0.68% to 1.01%).	105	-	105	252
	$ 19,904	$ (18,024)	$ 1,880	$ 2,575

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

Had CMHC not funded the repayments of the debt principal and interests payable to CMHC, Housing NWT would have incurred additional interest expense of $2,335 (2025 - $2,496) and would have made additional principal debt repayments to CMHC of $1,647 (2025 - $1,586).

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

8. LOANS AND MORTGAGES PAYABLE TO CMHC (continued)

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

	Principal	Interest	Total
2027	$ 639	$ 127	$ 766
2028	458	88	546
2029	323	56	379
2030	195	33	228
2031 -2033	265	32	297
	$ 1.880	$ 336	$ 2.216

9. ASSET RETIREMENT OBLIGATIONS

AROs include estimated remediation costs to remove asbestos and lead from buildings. The amount recognized is the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.

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

- Total expected future cash flows - $90,591 (2025 - $90,683)
- Expected timing of payments of the cash flow - asset removal and/or site remediation is expected to occur between 2028 and 2054 (2025 - 2026 and 2054) with the majority occurring after 2038 (2025 - 2038).
- The discount rate is the year-end cost of borrowing of 4.82% (2025 - 4.57%).
- The inflation rate is based on the Bank of Canada's targeted inflation rate of 2.00% (2025 - 2.00%).

This provision is highly sensitive to the discount rate and inflation rate used.

- A 1% increase in the discount rate would decrease the obligation by $4,950
- A 1% decrease in the discount rate would increase the obligation by $5,767
- A 1% increase in the inflation rate would increase the obligation by $5,877
- A 1% decrease in the inflation rate would decrease the obligation by $5,123

Following is a summary of the ARO:

	2026	2025
Opening Balance	$ 48,778	$ 46,931
Liabilities settled	(530)	-
Accretion expense	2,282	2,133
Valuation adjustment	(2,433)	(286)
Balance, end of year	$ 48,097	$ 48,778

The valuation adjustment is primarily comprised of:

- $1,359 (2025 - $0) decrease due to a 0.25% increase (2025 - no change) in the discount rate.
- $898 (2025 - $240) due to the disposition of assets where no remediation was required or the remediation cost was lower than estimated and the liability is now extinguished.

10. ENVIRONMENTAL LIABILITIES

Housing NWT has identified ten fuel spill sites and no other contaminated sites (2025 - twelve fuel spill sites and no other contaminated sites) for which an environmental liability has been recorded. There were three sites (2025 - three) that closed during the fiscal year. One new site (2025 - one) was identified during the year. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The estimated amount of recoveries is nil (2025 - nil). Housing NWT has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. FUNDING FROM CMHC

	2026	2025
Funding from CMHC recognized as government funding under the:		
SHA:		
Contributions for public housing rental subsidies	$ 5,509	$ 6,332
Contributions to non-profit housing sponsor groups and cooperatives	2,054	2,442
Repairs, maintenance and other costs	4,223	4,321
Rapid Housing Initiative (Note 7)	16,420	2,722
Bilateral Agreement	11,942	10,526
Other	-	50
	40,148	26,393

Under the terms of the SHA, Housing NWT assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to Housing NWT to manage these programs. The SHA and the funding expire in 2039 (Note 12).

On April 1, 2018, Housing NWT signed the Bilateral Agreement under the 2017 NHS. Funding under this agreement is provided to increase access to housing, reduce housing needs, and achieve better housing solutions. An action plan for the 3-year period 2026-2028 has been developed, within the Bilateral Agreement parameters, with a priority of focusing on maintaining or increasing social housing stock, replacing existing housing stock, and providing homeownership repair programs. The Bilateral Agreement funding expires in 2028 (Note 12).

12. CONTRACTUAL RIGHTS

	Expiry Date	2027	2028	2029	2030	2031+	Total
GNWT (Note 17)	2028	$ 41,600	$ 41,600	$ -	$ -	$ -	$ 83,200
CMHC SHA	2039	7,346	5,753	4,376	3,323	13,066	33,864
CMHC Bilateral	2028	14,786	16,177	-	-	-	30,963
Other Lease	2030	663	609	486	82	-	1,840
RCMP Lease	2044	1,833	1,833	1,833	1,833	23,263	30,595
		$ 66,228	$ 65,972	$ 6,695	$ 5,238	$ 36,329	$180,462

13. CONTRACTUAL OBLIGATIONS

Housing NWT leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the contractual obligations are capital construction commitments for housing construction projects with contracts signed prior to year-end. The values allocated to future periods are based on expected contract activity over the life of each contract.

	Expiry Date	2027	2028	2029	2030	2031+	Total
Lease	2040	$ 4,163	$ 3,275	$ 1,802	$ 354	$ 915	$ 10,509
Construction	2028	63,837	41,743	-	-	-	105,580
		$ 68,000	$ 45,018	$ 1,802	$ 354	$ 915	$ 116,089

14. CONTINGENCIES

Housing NWT provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2026 a total of three (2025 - four) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $64 (2025 - $115). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2030.

Under the terms of the Social Housing Agreement (SHA) with CMHC, Housing NWT 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 Housing NWT 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, 2026 was $845 (2025 - $1,405). 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 Housing NWT. The obligation under loan guarantees as at March 31, 2026 is nil (2025 - nil).

Housing NWT has various pending legal matters the outcome of which is not determinable. In the opinion of management, these matters are not expected to have a material effect on Housing NWT's financial position or results of operations. To avoid prejudicing ongoing legal matters no further information is disclosed.

15. EXPENSES BY OBJECT

	2026	2025
Amortization	$ 18,533	$ 18,757
Accretion of AROs	2,282	2,133
Compensation and benefits	36,927	36,764
Computer costs	40	55
Contract services	12,514	8,619
Controllable assets	60	374
Fees and payments	370	276
Grants and contributions	18,224	17,465
Interest on long-term debt	157	197
Loss on disposal of tangible capital assets	1,915	639
Materials and supplies	3,595	3,965
Minor modernization and improvements	11,504	5,581
Other expenses	2,576	1,917
Property taxes and land leases	2,655	2,894
Purchased services	732	724
Rental leasing	4,020	4,072
Travel	1,042	688
Utilities	33,511	30,833
	$ 150,657	$ 135,953

Public Service Pension Plan

Total employer contributions to the Public Service Pension Plan of $1,567 (2025 - $1,643) and to the NEBS of $371 (2025 - $398) were recognized as an expense in the current year. Total employee contributions were $1,379 and $371 respectively (2025 - $1,496 and $398).

16. FINANCIAL RISK MANAGEMENT

Housing NWT'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. Housing NWT has exposure to the following risks from its use of financial instruments:

16. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. Housing NWT manages its liquidity risk by maintaining adequate cash balances and investing in money market instruments. These instruments are readily convertible into known amounts of cash. Housing NWT 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	$ 49,824	$ -	$ -	$ 49,824
Loans and mortgages payable to CMHC	766	1,152	298	2,216
Total financial liabilities	$ 50,590	$ 1,152	$ 298	$ 52,040

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Housing NWT is exposed to credit risk on its cash and cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

Housing NWT manages its credit risk on cash and cash equivalents and portfolio investments by dealing only with reputable and credit worthy financial institutions. The maximum exposure to credit risk held in cash and cash equivalents and portfolio investments is $149,942 (2025 - $140,595).

Housing NWT manages credit risk associated with accounts receivable by monitoring outstanding balances and the age of receivables and by initiating collection activities, where appropriate. Management regularly assesses the collectability of outstanding amounts and establishes an allowance for doubtful accounts based on the information available at the financial statement date, including the age of the receivable, historical collection experience, and other circumstances that may affect the recoverability of the amounts outstanding. The maximum exposure to credit risk in accounts receivable is $15,650 (2025 - $25,306). $2,234 of the accounts receivable (2025 - $14,936) is receivable from governments and government entities. These balances are not considered to be a credit risk.

In order to manage credit risk on mortgages and loans receivable, Housing NWT actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure to credit risk in mortgage and loans receivable is $2,619 (2025 - $2,909).

As at March 31, 2026, $778 (2025 - $800) of the impaired mortgages and loans are secured by homes Housing NWT 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.

16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

As at March 31, 2026, the following financial assets were past due but not impaired:

Financial assets	30 to 60	61 to 90	90+	Total
Tenant rent receivable	$ 434	$ 596	$ 2,548	$ 3,578
Trade accounts receivable	62	136	367	565
Mortgages and loans receivable	132	89	155	376

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.

Housing NWT primarily has exposure to interest rate risk on its mortgages and loans receivable and loans and mortgages payable to the Canada Mortgage and Housing Corporation (CMHC). Mortgages and loans receivable bear fixed interest rates ranging from 0.00% to 10.50%. Loans and mortgages payable to CMHC bear fixed interest rates ranging from 0.68% to 19.00%.

Housing NWT manages its interest rate risk by maintaining fixed interest rate terms on its mortgages and loans receivable and loans and mortgages payable. As a result, Housing NWT does not face significant cash flow interest rate risk on these financial instruments. Because these financial instruments are accounted for at amortized cost, changes in market interest rates would not affect the consolidated statement of operations and accumulated surplus. However, changes in market interest rates could affect the fair value of these financial instruments.

Housing NWT is also exposed to interest risk on its cash and cash equivalents and portfolio investments. Due to the short-term nature of these assets, their fair value does not fluctuate significantly when rates change. Changes in rates on these assets are not expected to have a material effect on future cash flows.

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

17. RELATED PARTY TRANSACTIONS

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

	2026	2025
Related party expenses		
Arctic Energy Alliance	$ 50	$ 50
Fuel Services Division	4,885	4,172
Government of the Northwest Territories Departments	5,093	3,364
Northwest Territories Power Corporation	10,048	7,568
	$ 20,076	$ 15,154

17. RELATED PARTY TRANSACTIONS (continued)

Government of Northwest Territories funding of $134,922 (2025 - $87,081) are primarily comprised of annual appropriations and the new 2026 contribution agreement. During the year, Housing NWT entered into a three-year contribution agreement with the Government of the Northwest Territories for public housing replacements and repairs. Under the agreement, Housing NWT is eligible to receive annual funding of $41.6 million from 2026 to 2028, for total funding of $124.8 million.

18. COMPARATIVE FIGURES

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

HOUSING NORTHWEST TERRITORIES

Consolidated Schedule of Tangible Capital Assets
As at March 31, 2026
(in thousands)

Schedule A

	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance	Acquisitions	Transfers	Disposal[1]	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2026	2025
Lands and Housing:											
Land	$ 13,457	$ 65	$ -	$ -	$ 13,522	$ -	$ -	$ -	$ -	$ 13,522	$ 13,457
Public Housing	502,820	-	39,793	(5,165)	537,448	233,346	12,945	(2,101)	244,190	293,258	269,474
HELP and market housing	147,409	-	239	(939)	146,709	51,004	4,776	(443)	55,337	91,372	96,405
Non-residential properties	6,309	-	-	(1)	6,308	3,731	128	-	3,859	2,449	2,578
Work in Progress	31,486	56,591	(40,032)	-	48,045	-	-	-	-	48,045	31,486
Sub-total	701,481	56,656	-	(6,105)	752,032	288,081	17,849	(2,544)	303,386	448,646	413,400
Other Property and Equipment:											
Warehouses and offices	13,502	-	-	-	13,502	7,727	289	-	8,016	5,486	5,775
Mobile equipment	4,937	228	-	(70)	5,095	3,251	359	(65)	3,545	1,550	1,686
Leasehold improvements	1,739	-	-	-	1,739	1,656	16	-	1,672	67	83
Office furniture and equipment	6,073	-	-	-	6,073	5,972	20	-	5,992	81	101
Software	114	-	-	-	114	114	-	-	114	-	-
Sub-total	26,365	228	-	(70)	26,523	18,720	684	(65)	19,339	7,184	7,645
Total	$ 727,846	$ 56,884	$ -	$ (6,175)	$778,555	$ 306,801	$ 18,533	$ (2,609)	$ 322,725	$ 455,830	$ 421,045

(1) Included in disposals is the asset retirement cost adjustment of $1,841 (2025 - $95).
(2) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of $4,241 (2025 - $6,269).
(3) There were no capital leases as at March 31, 2026.

Inuvialuit Water Board

Financial Statements

March 31, 2026

Inuvialuit Water Board

Financial Statements

March 31, 2026 **Page**

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Management's Responsibility for the Financial Statements

To the Directors of
Inuvialuit Water Board

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

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

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

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

Mardy Semmler
Executive Director
Inuvialuit Water Board
June 15, 2026

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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 comprises the statement of financial position as at March 31, 2026, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2026, and the results of its operations, changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Board’s financial reporting process.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Crowe Mackay LLP

Yellowknife, Northwest Territories
June 15, 2026

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations and Accumulated Surplus

For the year ended March 31,	Budget (Note 12)	2026	2025
Revenue			
Contributions from GNWT	$ 939,000	$ 939,000	$ 939,000
Donation in-kind (Note 11)	85,800	85,800	61,693
Other revenue	-	6,762	8,696
Total revenues before repayable contributions	-	**1,031,562**	1,009,389
Repayable contributions (Note 6)	-	(202,125)	(184,714)
Total revenues	**1,024,800**	**829,437**	824,675
Expenses			
Advertising	5,000	1,872	2,416
Amortization	8,500	17,842	11,215
Board review and evaluation	5,000	-	-
Board travel and training	23,000	21,504	9,392
Communications	53,000	40,499	41,385
Communication strategy implementation	25,000	12,706	6,531
Community capacity initiative	14,000	12,717	25,691
Community tour	15,000	11,420	6,882
Conferences	11,500	10,130	3,475
Equipment maintenance	30,500	2,503	627
Equipment rental	7,000	4,405	5,805
Honoraria	86,500	81,475	74,008
Hospitality	3,500	747	741
Interest and bank charges	500	110	116
Office supplies	5,000	2,958	1,273
Postage	2,000	266	477
Professional fees	49,500	21,321	28,484
Rent (Note 11)	85,800	85,800	61,693
Salaries and benefits	566,000	480,081	518,126
Staff travel	24,500	23,609	19,376
Staff training	2,000	-	1,475
Translations	2,000	-	-
Total expenses	**1,024,800**	**831,965**	819,188
(Deficit) Surplus before other items	**-**	**(2,528)**	5,487
Loss on disposal of tangible capital assets	**-**	**(268)**	-
Operating (deficit) surplus	**-**	**(2,796)**	5,487
Transfer to (from) tangible capital assets	**-**	**9,288**	3,212
Surplus	**$ -**	**$ 6,492**	$ 8,699
Accumulated surplus, Balance, at beginning of year		**$ 355,685**	$ 350,198
Operating (deficit) surplus	**-**	**(2,796)**	5,487
Accumulated surplus, Balance, at end of year		**$ 352,890**	$ 355,685

Inuvialuit Water Board

Statement of Change in Net Financial Assets

For the year ended March 31,	Budget (Note 12)	2026	2025
Operating (deficit) surplus	**$ -**	**$ (2,796)**	$ 5,487
Acquisition of tangible capital assets	(8,554)	(8,554)	(8,003)
Amortization of tangible capital assets	8,500	17,842	11,215
Loss on disposal of tangible capital assets	-	268	-
Utilization of prepaid expenses	-	(3,981)	(8,448)
Net change in financial assets	**(54)**	**2,779**	251
Net financial assets, beginning of year	**305,531**	**305,531**	305,280
Net financial assets, end of year	**$ 305,477**	**$ 308,310**	$ 305,531

Inuvialuit Water Board

Statement of Financial Position

As at March 31,	**2026**	2025
Financial Assets		
Cash	$ 444,540	$ 418,983
Portfolio investments (Note 4)	229,728	222,977
GST receivable	3,615	3,582
	677,883	645,542
Liabilities		
Accounts payable and accrued liabilities (Note 5)	167,448	155,297
Repayable contributions (Note 6)	202,125	184,714
	369,573	340,011
Net financial assets	**308,310**	305,531
Non-Financial Assets		
Prepaid expenses	12,527	8,448
Tangible capital assets (Note 7)	32,053	41,706
	44,580	50,154
Accumulated surplus	**$ 352,890**	$ 355,685

Approved on behalf of the Board

Director

Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2026	2025
Cash provided by (used in)		
Operating activities		
Operating (deficit) surplus	$ (2,796)	$ 5,487
Item not affecting cash:		
Amortization of tangible capital assets	17,842	11,215
Loss on disposal of tangible capital assets	268	-
Changes in non-cash operating working capital		
Accounts receivable	(33)	984
Prepaid expenses	(4,079)	(8,448)
Accounts payable and accrued liabilities	12,248	1,108
Repayable contributions	17,412	(265,391)
	40,862	(255,045)
Investing activities		
Purchase of portfolio investments	(229,728)	(222,977)
Maturity of portfolio investments	222,977	214,282
	(6,751)	(8,695)
Capital activity		
Acquisition of tangible capital assets	**(8,554)**	(8,003)
Increase (decrease) in cash	**25,557**	(271,743)
Cash, beginning of year	**418,983**	690,726
Cash, end of year	**$ 444,540**	$ 418,983

1. Organization and Jurisdiction

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

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

2. Significant Accounting Policies

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

(a) Financial Instruments

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

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

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

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

(b) Cash

Cash comprises of cash on hand and demand deposits.

(c) Tangible Capital Assets

Tangible capital assets are recorded in the Capital Asset Fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 7.

(d) Fund Accounting

The Board uses fund accounting to segregate transactions between the Operating Fund and the Capital Asset Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to tangible capital assets as set out in Note 13.

2. Accounting Policies (continued)

(e) Revenue Recognition

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 and Accumulated Surplus as the stipulation liabilities are settled.

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

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

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

(f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant accounts subject to measurement uncertainty include accrued liabilities, the useful lives of tangible capital assets and the donation in-kind and related rent expense.

3. Future Accounting Standards

The Conceptual Framework for Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives.

The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026 Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.

Financial Statement Presentation, Section PS 1202

Section PS 1202 "Financial Statement Presentation", will replace the existing Financial Statement Presentation section PS 1200. The new standard will relocate the calculation of net financial liabilities (formerly known as 'net debt') to its own statement, introducing two categories of liabilities: financial and non - financial. The new standard will restructure the statement to present assets, followed by liabilities, followed by net assets or net liabilities.

This section will apply to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. PS 1202 will be applied prospectively.

4. Portfolio Investments

Portfolio investments include two (2025 - two) one-year guaranteed investment certificates with the Canadian Imperial Bank of Commerce. These investments generate interest at a rate of 2.45% (2025 - 3.40%) per annum and mature on November 12, 2026.

5. Accounts Payable and Accrued Liabilities

	2026	2025
Government of the Northwest Territories - salaries and benefits payable	$ 143,914	$ 135,312
Accrued liabilities	18,000	18,000
Credit card payable	5,534	5,534
	$ 167,448	$ 155,297

6. Repayable Contributions

	2026	2025
Government of the Northwest Territories		
Department of Environment and Climate Change 2025/2026	$ 202,125	$ -
Department of Environment and Climate Change 2024/2025	-	184,714
	$ 202,125	$ 184,714

7. Tangible Capital Assets

	Rate	**Cost**	**Accumulated Amortization**	**2026 Net Book Value**	2025 Net Book Value
Furniture and equipment	20%	$ 27,146	$ 22,721	$ 4,425	$ 5,630
Computer equipment	30%	46,031	38,358	7,673	9,312
Website	5 yrs s/l	37,040	17,085	19,955	26,764
		$ 110,217	$ 78,164	**$ 32,053**	$ 41,706

8. Economic Dependence

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

9. Commitments

The Board has entered into a contractual arrangement related to its website and for its Xerox fax and printing machine. The total commitment for these contracts is as follows:

2027	$	13,290
2028		5,628
2029		5,628
2030		5,628
2031 and later		5,628
	$	**35,802**

10. Risk Management

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

(i) Credit risk

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

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

Portfolio investments include government issued certificates and are issued by a Canadian chartered bank. Credit risk related to portfolio investments is mitigated by purchasing low risk portfolio investments such as the guaranteed investment certificate through regulated financial institutions.

The Board's maximum exposure to credit risk is represented by the balance of the financial assets of $677,883 (2025 - $645,542).

(ii) Concentration of credit risk

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

At March 31, 2026, 100% (2025 - 100%) of the Board's cash and portfolio investments were held within one of Canada's chartered banks who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Board's cash is insured up to the maximum per CDIC.

10. Risk Management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not meet all cash outflow obligations as they come due. The Board has a liquidity risk in accounts payable and accrued liabilities and repayable contributions of $369,573 (2025 - $340,011). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All the Board's financial assets and financial liabilities at March 31, 2026, mature within the next eight months.

(iv) Concentration of liquidity risk

Concentrations of liquidity risk is the risk that a vendor has a significant portion of the total payables balance, and thus, there is a higher risk to the Board in the event of a default. At March 31, 2026, the Board has a concentration of liquidity risk as 85.9% (2025 - 94.1%) of the balances owing are owed to the Government of the Northwest Territories.

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

11. Related Party Transactions

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

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

Donation in-kind related to rent with the Government of the Northwest Territories is a related party transaction without consideration and is based on the estimated fair market value of rent in the region.

12. Budget Amounts

The budget figures presented are those approved by the Board on February 3, 2025.

13. Fund Balances

The Board's capital asset fund balance had the following transactions during the year:

		2026		2025
Acquisition of tangible capital assets	$	8,554	$	8,003
Tangible capital assets disposal losses		(268)		-
Amortization of tangible capital assets		(17,842)		(11,215)
Total change in fund balance	**$**	**(9,556)**	**$**	**(3,212)**

NORTHWEST TERRITORIES HERITAGE FUND

Financial Statements

For the Year Ended March 31, 2026

NORTHWEST TERRITORIES HERITAGE FUND
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For the Year Ended March 31, 2026

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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 Management Board (the "Board") is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. The Board also reviews and recommends, for approval by the members, the engagement or re-appointment of external auditors.

The financial statements have been audited on behalf of the members by EPR Yellowknife Professional Accounting Corporation in accordance with Canadian generally accepted auditing standards and have been prepared in accordance with Canadian public sector accounting standards.

Secretary to the Financial Management Board
July 31, 2026

YELLOWKNIFE ACCOUNTING
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL ACCOUNTANTS

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2nd Floor
EPR Yellowknife Building
Yellowknife, NT X1A 3X8

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Independent Auditor's Report

To the Members of Northwest Territories Heritage Fund

Opinion

We have audited the accompanying financial statements of Northwest Territories Heritage Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2026, the statement of operations and accumulated surplus, statement of remeasurement gains and losses and changes in net financial assets and cash flows for the year then ended, and 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 of March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis for the year ended March 31, 2026, which 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing

An Independent
Canadian Member
of AGN International

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 Heritage 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 Northwest Territories Heritage 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.

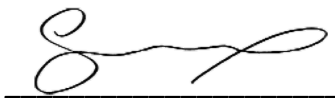


EPR Yellowknife Professional Accounting Corporation
Yellowknife, Northwest Territories
July 31, 2026

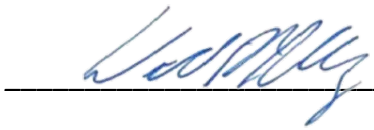
NORTHWEST TERRITORIES HERITAGE FUND
Statement of Financial Position
As at March 31, 2026

	2026	2025
FINANCIAL ASSETS		
Cash	$ -	$ 11,294
Interest receivable	338,758	319,896
Portfolio investments	55,829,497	52,213,752
	56,168,255	52,544,942
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	35,907	49,763
ACCUMULATED SURPLUS	**56,132,348**	**52,495,179**
ACCUMULATED SURPLUS CONSISTS OF:		
Accumulated surplus from operations	52,341,001	49,818,673
Accumulated remeasurement gains	3,791,347	2,676,506
	$ 56,132,348	**$ 52,495,179**

ON BEHALF OF THE BOARD



_____*Chairperson of the Financial Management Board*



_____*Secretary to 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, 2026

	2026 Budget	2026 Actual	2025 Actual
REVENUE			
Investment income	**$ 2,401,000**	**$ 2,622,957**	**$ 1,704,214**
Contributions from the Government of the Northwest Territories	584,000	20,437	482,204
	2,985,000	2,643,394	2,186,418
EXPENSES			
Professional fees	65,000	121,066	128,610
ANNUAL SURPLUS	2,920,000	2,522,328	2,057,808
ACCUMULATED SURPLUS, BEGINNING OF YEAR	49,818,673	49,818,673	47,760,865
ACCUMULATED SURPLUS, END OF YEAR	**$ 52,738,673**	**$ 52,341,001**	**$ 49,818,673**

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Remeasurement Gains and Losses
For the Year Ended March 31, 2026

	2026	2025
ACCUMULATED REMEASUREMENT GAIN - BEGINNING OF YEAR	**$ 2,676,506**	**$ 1,925,151**
Amounts reclassified to statement of operations:		
Designated at fair value	(227,216)	(203,520)
Unrealized gain (loss) attributed to:		
Quoted in an active market	1,303,458	619,707
Designated at fair value	38,599	335,168
Net remeasurement for the year	1,114,841	751,355
ACCUMULATED REMEASUREMENT GAIN - END OF YEAR	**$ 3,791,347**	**$ 2,676,506**

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2026

	2026 Budget	2026 Actual	2025 Actual
ANNUAL SURPLUS	**$ 2,920,000**	**$ 2,522,328**	**$ 2,057,808**
Increase in accumulated remeasurement gains	-	1,114,841	751,355
INCREASE IN NET FINANCIAL ASSETS	2,920,000	3,637,169	2,809,163
NET FINANCIAL ASSETS, BEGINNING OF YEAR	52,495,179	52,495,179	49,686,016
NET FINANCIAL ASSETS, END OF YEAR	**$ 55,415,179**	**$ 56,132,348**	**$ 52,495,179**

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Cash Flows
For the Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Annual surplus	$ 2,522,328	$ 2,057,808
Items not affecting cash:		
Amortization of Investment premiums/discounts	(146,025)	(138,807)
Gain on disposal of investments	(257,060)	-
	2,119,243	1,919,001
Changes in non-cash working capital:		
Interest receivable	(18,862)	(67,430)
Accounts payable and accrued liabilities	(13,855)	666
	(32,717)	(66,764)
	2,086,526	**1,852,237**
INVESTING ACTIVITIES		
Purchase of investments	(14,075,645)	(9,085,700)
Proceeds from disposals and redemptions of investments	11,977,825	3,582,368
	(2,097,820)	**(5,503,332)**
INCREASE (DECREASE) IN CASH FLOWS	(11,294)	(3,651,095)
CASH, BEGINNING OF YEAR	11,294	3,662,389
CASH, END OF YEAR	**$ -**	**$ 11,294**

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND
Notes to Financial Statements
For the Year Ended March 31, 2026

PURPOSE OF FUND

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

The Heritage Fund was established to transform a portion of the Northwest Territories' non-renewable resource revenues into a lasting financial asset for the benefit of current and future generations of residents. A portion of resource revenues is contributed annually to the Fund and invested to preserve and grow this wealth over time, helping ensure that future generations share in the benefits of resource development. The Fund will provide financial resources to the Government of the Northwest Territories for initiatives and projects authorized by the Legislative Assembly.

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. The net financial asset model is presented in the financial statements. Net financial assets are measured as the difference between the Fund's financial assets and liabilities as described in the statement of financial positions.

Significant aspects of accounting policies to the Fund are as follows:

(a) *Valuation of financial assets and liabilities*
The Fund's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash	Cost
Portfolio	Fair value or amortized cost
Interest receivable	Lower of cost and net realizable value
Accounts payable and accrued liabilities	Cost

All financial assets are annually assessed for impairment. If an impairment deemed other-than-temporary is identified, the cost of the financial asset is written down to its realizable value. Any impairment losses are included in income on the statement of operations and accumulated surplus. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are expensed as they are incurred.

(b) *Investment income*

Investment income includes dividends, interest income, realized gains or losses on the sale of portfolio investments, and revenue distributed by pooled funds (which also includes dividends, interest, and gains and losses).

Realized gains and losses on disposal of portfolio investments are recorded in the Fund's accounts and included in income on the statement of operations and accumulated surplus. Realized gains and losses on disposal of portfolio investments are determined on an average cost basis.

Investment income is recorded on the accrual basis, with dividend income recognized as it is declared. Investment income is accrued when there is reasonable assurance as to its measurement and collectability.

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

(c) *Remeasurement gains and losses*

Accumulated remeasurement gains and losses primarily represent the excess or shortfall of the fair value of the portfolio investments at period end over the cost of the portfolio investments. Changes in accumulated remeasurement gains and losses are recognized in the statement of remeasurement gains and losses. Changes in accumulated remeasurement gains and losses during the period include unrealized increases and decreases in fair value of the portfolio investments and realized gains and losses on sale of the portfolio investments. When the portfolio investments are sold (derecognized), any accumulated unrealized gain or loss associated with the investment becomes realized and is included in net income on the statement of operations and accumulated surplus.

(d) *Government transfers*

Government transfers are transfers 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.

(e) *Related parties*

Related party 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, except for certain services and other contributions provided by the Government at no cost. The Fund is related in terms of common ownership to all Government created departments, public agencies and key management personnel. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Fund.

Services provided at no cost, that are part of the central agency role of the Government and cannot be reasonably estimated are not recorded in these financial statements. These services include, insurance and risk management, legal counsel, records storage, computer operations, and management services.

(f) *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.

(g) *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.

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

(h) Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. PORTFOLIO INVESTMENTS

	2026	2025
Portfolio Investments - amortized cost	$ 40,013,406	$ 38,153,584
Portfolio Investments - fair valued	15,816,091	14,060,168
	$ 55,829,497	**$ 52,213,752**

The composition of portfolio investments measured at amortized cost is as follows:

	2026 Cost	2026 Market value	2025 Cost	2025 Market value
Bonds	$ 40,013,406	$ 39,784,255	$ 38,153,584	$ 38,008,741

Bonds held at year end mature between April 2026 and February 2033 (2025 - December 2025 and February 2033) with effective interest rates of 1.65% to 6.03% (2025 - 1.65% to 6.03%)

The composition of portfolio investments measured at fair value are as follows:

	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest bearing securities				
Other debt instruments	$ -	$ 7,168,375	$ -	$ 7,168,375
Equities				
Pooled Investment- Canadian	1,772,553	-	-	1,772,553
Pooled Investment- Global	6,875,163	-	-	6,875,163
	$ 8,647,716	**$ 7,168,375**	**$ -**	**$ 15,816,091**

2. PORTFOLIO INVESTMENTS *(continued)*

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest bearing securities				
Other debt instruments	-	$ 6,911,980	-	$ 6,911,980
Equities				
Pooled Investment- Canadian	1,347,732	-	-	1,347,732
Pooled Investment- Global	5,800,456	-	-	5,800,456
	$ 7,148,188	**$ 6,911,980**	**$ -**	**$ 14,060,168**

The fair value measurements are those derived from:

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e., as prices) or indirectly (i.e., derived from prices.)

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

3. FINANCIAL RISK MANAGEMENT

The Fund is exposed to various financial risks, including market risk (including currency risk and interest rate risk), credit risk, and liquidity risk through its portfolio investments. To manage these risks, the Fund invests in a diversified portfolio that is guided by the Northwest Territories Heritage Fund Regulations. The following analysis provides information about the Fund's risk exposure and concentration as of March 31, 2026.

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. The Fund is exposed to other price risk through its investment in equity instruments and other interest bearing securities.

If equity market indices (S&P/TSX, S&P500, MSCI EAFE and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 1.56% (2025 - 1.37%). Changes in fair value of portfolio investments are recognized in the statement of remeasurement gains and losses.

To manage this risk, the Fund has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The Fund's management of this risk has not changed from the prior year.

All material risks that affect the market value of the Fund's investments in fixed income are adequately explained in credit and interest rate risk below.

3. FINANCIAL RISK MANAGEMENT *(continued)*

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not hold any financial instruments denominated in a foreign currency. The Fund does not hedge its foreign currency exposure with currency forward contracts or any other type of derivative financial instruments.

Interest rate risk

Interest rate risk is the risk to the Fund's earnings that arises from the fluctuations in interest rates and the degree of volatility in these rates. The Fund's interest rate risk is low as interest bearing securities held by the Fund have fixed interest rates or are not sensitive to changes in market interest rates and are expected to be held to maturity.

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty, debtor or issuer to fully honour its financial obligations with the Fund. The Fund is exposed to credit risk on debt securities. The Fund has required minimum credit quality standards for issuers to manage this risk. The credit rating distribution of fixed income and other interest bearing securities (based on market) is as follows:

	2026	2025
Investment Grade (AAA to BBB)	100 %	100 %

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. As per the enabling legislation of the Fund, no transfers can be authorized from the Fund for the first 20 years and transfers may not exceed 5% of the fiscal year end balance of the Fund starting on the first day of the 21st year of the Fund. The Fund has minimal operational expenses and meets its financial liabilities obligations through contributions in-kind from the Government of the Northwest Territories. As a result, the liquidity risk of the Fund is low.

4. BUDGET

Budget figures presented in these financial statements are based on the Government of the Northwest Territories' 2025–2026 Main Estimates, as approved by the Legislative Assembly.

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2026

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2026 **Page**

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Management's Responsibility for Financial Reporting

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

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

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

Northwest Territories Human Rights Commission



Executive Director
Yellowknife, Northwest Territories
June 19, 2026

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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, 2026, 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, 2026 and the results of its operations, changes in net assets 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' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Crowe Mackay LLP

Yellowknife, Northwest Territories
June 19, 2026

Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	Budget	2026	2025
Revenue			
Legislative Assembly of the Northwest Territories			
Operating grant	$ 180,000	$ 180,000	$ 180,000
Expense reimbursement (Note 4)	-	(54,091)	(71,308)
	180,000	**125,909**	108,692
Expenses			
Accounting	10,000	9,800	9,500
Advertising and Promotion	7,200	26,549	20,217
Benefits and Pension	2,000	317	464
Contracts - Administration	3,000	48,308	62,609
Contributions and Donations	3,000	-	1,000
Events	6,800	642	7,513
Honorarium - Commission Chair	30,300	22,862	29,277
Honorarium - Commission Members	30,000	34,135	37,075
Legal Expenses	4,500	113	602
Membership Fees	2,000	2,100	2,217
Office and Administration	1,200	4,170	2,032
Professional Development	3,600	-	3,965
Translation and Interpretation	-	5,320	1,182
Travel - Commission Chair	-	-	1,278
Travel - Commission Members	26,400	1,891	-
Miscellaneous	50,000	-	-
	180,000	**156,207**	178,931
Excess expenses	**$ -**	**$ (30,298)**	$ (70,239)

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2026	2025
Balance, beginning of year	**$ 264,256**	$ 334,495
Excess expenses	**(30,298)**	(70,239)
Balance, end of year	**$ 233,958**	$ 264,256

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31,	2026	2025
Assets		
Current		
Cash	$ 215,295	$ 264,097
Due from the Legislative Assembly of the Northwest Territories (Note 4)	25,909	8,692
Prepaid expenses	2,500	700
	$ 243,704	$ 273,489
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 9,746**	$ 9,233
Net Assets		
General Fund	**233,958**	264,256
	$ 243,704	$ 273,489

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,	**2026**	2025
Cash provided by (used in)		
Operating activities		
Excess expenses	$ (30,298)	$ (70,239)
Change in non-cash operating working capital		
Due from the Legislative Assembly of the Northwest Territories	(17,217)	21,482
Prepaid expenses	(1,800)	-
Accounts payable and accrued liabilities	513	(2,218)
Decrease in cash	**(48,802)**	(50,975)
Cash, opening	**264,097**	315,072
Cash, closing	**$ 215,295**	$ 264,097

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 not-for-profit organizations as issued by the Public Sector Accounting Board ("PSAB"). The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

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

This category includes cash, due from the Legislative Assembly of the Northwest Territories, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost.

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) Related party transactions

Related party transactions are those transactions with Commission members and others within the Government of the Northwest Territories. These transactions are recorded at the exchange amount agreed upon between parties.

2. Accounting Policies (continued)

(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. Where expenses are paid on behalf of the Commission by the GNWT, the contribution is reduced accordingly. This reduction reflects expense reimbursements and is disclosed in Note 4.

(d) Measurement uncertainty

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 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 expenses relating to the contribution funding from the Legislative Assembly of the Northwest Territories. The Legislative Assembly incurs expenses on behalf of the Commission and the expenses are not included in these financial statements. The salaries for the Director, Deputy Director, and staff, rent, legal and office expenses are paid directly by the Legislative Assembly and are not reflected in these financial statements.

(f) Tangible capital assets

The GNWT retains ownership of all tangible capital assets used by the Commission. The GNWT's financial statements include these tangible capital assets and as such, the Commission has none recognized in its financial statements.

3. Future Accounting Changes

The Conceptual Framework for Financial Reporting in the Public Sector

The PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.

These changes are part of PSAB's broader Government Not-for-Profit Strategy to integrate the PS 4200-series of accounting standards into the regular Public Sector Accounting Standards handbook, which aims to improve consistency and transparency in financial reporting across government-controlled not-for-profit entities. These section revisions are to be applied for fiscal years beginning on or after April 1, 2030. Management is currently monitoring and evaluating the impact of these changes on the Boards' financial statements as they are announced.

4. Expense Reimbursement

The Commission gave the Legislative Assembly of the Northwest Territories a portion from its core contribution of $180,000 (2025 - $180,000) to pay for various expenses on behalf of the Commission. The GNWT spent $54,091 (2025 - $71,308) on behalf of the Commission and $25,909 (2025 - $8,692) is shown as a receivable.

	Account 5785 Member travel	Account 5786 Staff Travel	Account 5892 Member Fees	Account Misc	**TOTAL 2026**	TOTAL 2025
Administration	$ 4,790	$ 2,564	$ 8,715	$ 1,749	**$ 17,818**	$ 14,683
Commission meetings	11,180	-	-	401	**11,581**	17,221
Canadian Association of Statutory Human Rights Agencies	-	-	-	-	**-**	2,889
Community visits	-	-	-	3,784	**3,784**	24,173
Community events	-	-	-	3,698	**3,698**	4,819
Publishing	-	-	-	2,348	**2,348**	5,680
Materials	-	-	-	14,862	**14,862**	1,843
Total	**$ 15,970**	**$ 2,564**	**$ 8,715**	**$26,842**	**$ 54,091**	$ 71,308

5. 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 $215,295 (2025 - $264,097) as a result of having funds with one financial institution. The Commission mitigates this risk by regularly monitoring its cash balance and only using a bank held within one of Canada's chartered banks. The financial institution is a major Canadian bank. The bank deposits held by the commission are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash is insured up to the maximum per Canadian Deposit Insurance Corporation.

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 $241,204 (2025 - $272,789).

(b) Concentration of credit risk

The Commission does have a concentration of credit risk. At March 31, 2026, 100% (2025 - 100%) of the Commission's cash was held within one of Canada's chartered banks. The deposit held by the bank are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash is insured up to the maximum per the Canadian Deposit Insurance Corporation. This risk has decreased from prior year.

(c) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its accounts payable, and accrued liabilities of $9,746 (2025 - $9,233). The Commission reduces its exposure to liquidity risk by consistently monitoring budgets and cash flows. This risk has not changed from the prior year.

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026

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 judgements. 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, and are protected from loss or unauthorized use, and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

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



Cory Strang
Chief Executive Officer



Paul Grant
Chief Financial Officer

Hay River, NT
August 14, 2026

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 controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2026, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.



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

Edmonton, Canada
14 August 2026

NORTHWEST TERRITORIES HYDRO CORPORATION

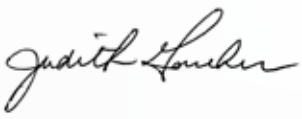
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2026	2025
Financial assets		
Cash	$ 2,510	$ 596
Revenues receivable (Note 4)	22,836	18,024
Government contributions receivable (Note 20)	595	518
Investment in Aadrii Ltd.	374	379
	26,315	**19,517**
Liabilities		
Operating line of credit (Note 5)	131,774	101,928
Accounts payable and accrued liabilities (Note 6)	84,768	49,010
Debenture debt owing to third parties (Note 7)	236,750	255,377
Debenture debt owing to the GNWT (Note 7)	34,532	35,577
Asset retirement obligations (Note 8)	7,443	6,997
Environmental liabilities (Note 9)	15,416	16,379
Capital lease obligation (Note 10)	14,329	14,734
Other employee future benefits (Note 11)	2,924	2,510
Deferred government contributions (Note 20)	2,448	59
	530,384	**482,571**
Net debt	**(504,069)**	**(463,054)**
Non-financial assets		
Tangible capital assets (Note 12)	661,753	623,668
Purchased intangible assets (Note 3)	14,575	15,173
Inventories (Note 13)	18,121	17,671
Prepaid expenses	3,117	2,355
	697,566	**658,867**
Accumulated surplus / equity (Note 14)	**$ 193,497**	**$ 195,813**

Contractual obligations, contractual rights, and contingent liabilities (Note 21)
Subsequent events (Note 23)

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

Approved on behalf of the Board:



Judith Goucher, Chair of the Board



Leigh-Anne Palter, Vice-Chair of the Board

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Revenues			
Sale of power (Note 15)	$ 139,501	$ 136,667	$ 120,966
Rider revenue	6,979	5,057	5,040
Other revenue (Note 16)	3,733	4,551	2,581
Interest income (Note 18)	95	153	102
Insurance proceeds	-	6,000	-
Income (loss) from investment in Aadrii Ltd.	40	(5)	14
	150,348	**152,423**	**128,703**
Expenses (Note 17)			
Thermal generation	90,806	106,443	112,139
Hydro generation	25,314	26,131	21,541
Corporate services	18,309	16,906	16,919
Transmission, distribution and retail	14,955	16,784	13,621
Purchased power	2,305	3,999	3,490
Alternative power generation	4,749	2,322	2,459
	156,438	**172,585**	**170,169**
Deficit for the year before government contributions	**(6,090)**	**(20,162)**	**(41,466)**
Government contributions			
Contributions from the Government of the Northwest Territories (Note 19)	51,891	17,846	83,452
Surplus (Deficit) for the year	**$ 45,801**	**$ (2,316)**	**$ 41,986**
Accumulated surplus / equity, beginning of year	**195,813**	**195,813**	**153,827**
Accumulated surplus / equity, end of year	**$ 241,614**	**$ 193,497**	**$ 195,813**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2026 Budget	2026 Actual	2025 Actual
Surplus (deficit) for the year	$ 45,801	$ (2,316)	$ 41,986
Tangible capital assets			
Additions (Note 12)	(68,153)	(58,928)	(63,752)
Capitalized overhead	(3,200)	(4,820)	(6,239)
Capitalized interest (Note 18)	(2,760)	(1,432)	(1,942)
Disposals (Note 12)	2,192	2,064	958
Amortization (Note 12)	25,243	25,031	21,776
	(46,678)	**(38,085)**	**(49,199)**
Acquisition of purchased intangible assets	-	(158)	(15,236)
Amortization of purchased intangible assets	-	756	63
Acquisition of inventories	(9,600)	(24,389)	(20,379)
Use of inventories	9,600	23,939	19,866
Acquisition of prepaids	(3,300)	(4,815)	(3,625)
Use of prepaids	3,300	4,053	3,531
	-	**(614)**	**(15,780)**
Increase in net debt for the year	**$ (877)**	**$ (41,015)**	**$ (22,993)**
Net debt, beginning of year	(463,054)	(463,054)	(440,061)
Net debt, end of year	**$ (463,931)**	**$ (504,069)**	**$ (463,054)**

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)

	2026	2025
Cash (used) provided by operating activities		
Cash receipts from customers	$ 141,337	$ 124,307
Contributions from the Government of the Northwest Territories	27,156	81,248
Cash paid to suppliers	(66,456)	(127,001)
Cash paid to employees	(35,361)	(35,289)
Interest paid	(17,628)	(14,931)
Interest received	153	112
	49,201	**28,446**
Cash provided by investing activities		
Distribution from Aadrii Ltd.	-	50
	-	**50**
Cash (used) provided by capital activities		
Acquisition and development of tangible capital assets	(63,074)	(71,533)
Acquisition of purchased intangible assets	-	(15,236)
Proceeds on sale of tangible capital assets	67	12
Insurance proceeds	6,000	-
	(57,007)	**(86,757)**
Cash (used) provided by financing activities		
Repayment of capital lease obligation	(405)	(405)
Repayment of debenture debt	(19,721)	(4,566)
Proceeds from operating line of credit	29,846	62,962
	9,720	**57,991**
(Decrease) increase in cash	**$ 1,914**	**$ (270)**
Cash, beginning of year	596	866
Cash, end of year	**$ 2,510**	**$ 596**

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 14).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC 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 hydroelectric facility.

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. NT Energy is responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

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. The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. The PUB approved a return on equity of 8% which will remain in effect until it is reassessed in the next General Rate Application (GRA) filing (Decision 10-2025). As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

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. The PUB approved the rider effective May 1, 2019 (Decision 4-2019). NTPC filed with the PUB in February 2024 an application to increase the fuel rider charged to customers. PUB approved a rider increase of approximately 1.07 cents/kWh (1.01 cents to 1.12 cents) which came into effect May 1, 2024 (Decision 8-2024).

The PUB directed NTPC to file a GRA application by December 31, 2024 (Decision 1-2024). Due to this decision NTPC filed for interim rate increases on May 9, 2024. Two interim rates were approved by the PUB. The first was for increases of 0.5% in the Snare zone, 0.9% in the Taltson zone, and 12.7% in the Thermal zone effective July 1, 2024. The second was for increases of 5.5% in the Snare zone and 5.5% in the Taltson zone effective December 1, 2024 (Decisions 15 and 25-2024).

On February 7, 2025, NTPC filed for interim rates for Hay River effective March 1, 2025. The interim rates were approved by the PUB (Decision 6-2025). Non-government customers are to be billed at Taltson rates, and government customers are to be billed Fort Smith rates plus 1.96 cents/kWh.

The GRA process began in October 2024 and ended in January 2026. Various PUB decisions leading up to the final Decision 1 – 2026 approved NTPC's revenue requirement of $144.559, an average rate increase of 19.1% and riders.

The PUB directed specific rate increases by zone and by customer class. From current interim rates, Taltson zone would see an increase of 15%, and Thermal zone would see an increase of 8.3%. New rates were in effect February 1, 2026.

Four riders were approved through the GRA process to begin February 1, 2026:

The GRA Shortfall Rider recovers the revenue lost between rates customers paid and the final rates the PUB approved for the 2024–25 and 2025–26. This rider differs by zone, ranging from -0.69 cents/kwh to 10.4 cents/kWh, and is to be collected over 26 months.

The Sunk Cost Deferral Account (SCDA) Rider collects approved past system costs, such as additional costs for the Taltson overhaul, extreme low water, and wildfire related expenses, that were necessary to keep the system reliable. These costs are not included in base rates, but NTPC is approved to collect the costs through a rider. The rider is 0.42 cents/kWh and is applied to all NTPC customers until the balance has been reduced to zero, which is expected to be over 25 years.

The Deferral Miscellaneous Deferral Transfer (DMDT) rider recovers regulatory balances that transferred to NTPC when NTPC took over service in Hay River, including items like previous GRA shortfalls and wheeling charge adjustments that were owed to Naka Power Utilities (Naka). Because these costs directly relate to electricity service in Hay River before NTPC took over, the rider is only applied to Hay River customers. The rider is 0.18 cents/kWh and is applied until the balance has been reduced to zero, which is expected to be over 2 years.

The Global Adjustment Rider (GAR) recovers costs incurred by Naka for transitional costs incurred during the Hay River Franchise transfer. The PUB determined that NTPC should recover a portion of these costs on behalf of Naka so that they are shared across the NWT. The GAR is a short-term rider of 0.74 cents/kWh and is to be applied to all NTPC retail customers from February 1, 2026 to May 31, 2026.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

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 consists of the transactions and balances of NT Hydro and its wholly-owned subsidiaries. Inter-entity transactions and balances with the wholly-owned subsidiaries are eliminated upon consolidation. NT Energy's investment in its government business partnership (GBP), Aadrii Ltd., is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful lives of tangible capital assets, 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.

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 a write-down to net realizable value.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

Provisions for impairment of revenues receivable and government contributions receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivable are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2025-26 was 4.35% (2024-25 – 4.46%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB (Decision 6-2023). The cost, less residual value, is amortized over an asset's useful life on a straight-line basis based on the average life of the group. Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2026 Rates (%)	2025 Rates (%)
Electric power plants	1.00 – 5.00	1.00 – 5.00
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse equipment, motor vehicles and general facilities	1.54 – 20.00	1.54 – 20.00
Electric power plant under capital lease	1.00 – 4.35	1.00 – 4.35

f) Purchased intangible assets

Purchased intangible assets represent non-monetary economic resources that are identifiable without physical substance acquired through an arm's length exchange transaction. Purchased intangible assets are recorded at cost less accumulated amortization and, if necessary, impairment losses. Purchased intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life of 20 years.

g) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and all 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.

h) Contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from utility customers. These contributions are recorded as other revenues when all restrictions or stipulations imposed have been satisfied, generally when the resources are used for the purposes intended.

i) 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.

j) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and is recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement, ultimate removal 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, ultimate removal or death of an employee.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

k) Asset retirement obligations

An asset retirement obligation (ARO) liability is recognized at the financial reporting date, when all of the following criteria are met:

- NT Hydro has a legal obligation to incur retirement costs,
- The past transaction or event giving rise to the liability has occurred,
- NT Hydro expects that future economic benefits will be given up, and
- A reasonable estimate of the amount can be made.

The estimate of an ARO incorporates a present value technique. When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The liability is based on management's best estimate of retirement and/or abatement cost.

At each financial reporting date, the carrying amount of the liability is reviewed. NT Hydro recognizes period to period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. NT Hydro continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

l) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NT Hydro's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of environmental liabilities on an annual basis.

m) 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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

n) Revenues

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognised when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation.

Sales of power and rider revenue consist of a single performance obligation, the customer's utilization of power. Performance obligations are satisfied as electricity is delivered because of the continuous transfer of control to the customer. These revenues are measured based on cyclical meter readings. Sale of power revenues and rider revenues include accruals for electricity sale not yet billed.

Contract work revenue relates to construction contracts with customers. These revenues are recognized over time as performance obligations are fulfilled and are measured based on costs incurred.

Interest is recognized on an accrual basis.

o) Expenses

Expenses are recognized on an accrual basis.

p) Contractual obligations and contingent liabilities

The nature of NT Hydro's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

q) 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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

r) Future accounting changes

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt the new Conceptual Framework for Financial Reporting in the Public Sector. Earlier adoption of the new framework is permitted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the Conceptual Framework for Financial Reporting in the Public Sector is early adopted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

3. Acquisition of Hay River Franchise

On March 1, 2025, NTPC completed the fair value acquisition of the Hay River franchise, including electricity distribution and backup generation assets and other related assets and liabilities. This transaction was executed through two sequential Asset Purchase Agreements (APA): first between Northland Utilities Limited (NUL, operating as Naka Power) and the Town of Hay River, and subsequently between the Town of Hay River and NTPC.

Under the second agreement, the purchase price was as follows:

Original purchase price	$ 28,255
Adjustments to purchase price	
Accounts receivable recorded in 2024-25	875
Accounts receivable recorded in 2025-26	(46)
Inventory recorded in 2024-25	(35)
Purchased intangible asset recorded in 2025-26	158
	952
Adjusted purchase price	$ 29,207

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Acquisition of Hay River Franchise (continued)

The adjusted purchase price after subsequent adjustments is $29,207, (2024-25 $29,095). $28,255 was transferred on the closing date of March 1, 2025, the remaining portion is still owing to NUL at March 31, 2026.

NTPC acquired certain regulatory deferral accounts, which are not recognized under PSAS. These will be recovered in future rates as approved by the Northwest Territories Public Utility Board (PUB).

As a result of the acquisition, NTPC capitalized, within the tangible capital assets ($5,792 to electric power plants, $5,733 to transmission and distribution and $792 to general facilities), related overhead costs and transfer costs of $591 and increased the asset retirement obligation related to the purchased buildings for $212. It was determined on acquisition that there is no obligation related to environmental liabilities.

The portion allocated to purchased intangible asset includes NTPC's exclusive franchise right to distribute electricity within the Town of Hay River for 15 years with an automatic 5-year extension assuming neither party has provided notice of non-extension. The asset had an opening net book value of $15,173, increased by an adjustment of $158, less current year amortization of $756, resulting in an ending balance of $14,575.

The final consideration and associated asset values may be subject to further post-closing adjustments as outlined in the APA. These immaterial adjustments will be reflected in NTPC's 2026–27 fiscal year as necessary.

NORTHWEST TERRITORIES HYDRO CORPORATION

4. Revenues receivable

At March 31, 2026, the aging of revenues receivable was as follows:

	2026			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 19,035	$ 1,513	$ 324	$ 20,872
Non-utility	2,031	98	142	2,271
Allowance for doubtful accounts	-	-	(307)	(307)
	$ 21,066	$ 1,611	$ 159	$ 22,836

At March 31, 2025, the aging of revenues receivable was as follows:

	2025			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 14,685	$ 2,097	$ 464	$ 17,246
Non-utility	656	105	297	1,058
Allowance for doubtful accounts	-	-	(280)	(280)
	$ 15,341	$ 2,202	$ 481	$ 18,024

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

	2026	2025
Balance, beginning of the year	$ (280)	$ (254)
Receivables written off	47	51
Change to allowance	(74)	(77)
Balance, end of the year	$ (307)	$ (280)

Revenues receivable on utility and non-utility accounts are due in 28 and 30 days, respectively. Interest is charged after the due dates at rates in the terms of the service agreement. As at March 31, 2026, NT Hydro provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable is included in Note 22.

NORTHWEST TERRITORIES HYDRO CORPORATION

5. Operating line of credit

NT Hydro has a $150,000 (2024-25 - $150,000) operating line of credit with its bank with an interest rate of Prime less 0.5%. The operating line of credit allows NT Hydro to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2026, NT Hydro has borrowed $131,774 (2024-25 - $101,928) against the line of credit. NT Hydro has no outstanding letters of credit as of March 31, 2026 (2024-25 – nil).

6. Accounts payable and accrued liabilities

The following is a summary of NT Hydro's accounts payable and accrued liabilities:

	2026	2025
Trade payables and accrued liabilities	$ 25,654	$ 25,819
Payable to GNWT and its related entities (Note 20)	46,018	10,993
Payroll liabilities	5,255	5,023
Other payables	4,863	4,010
Interest payable	2,978	3,165
	$ 84,768	$ 49,010

NORTHWEST TERRITORIES HYDRO CORPORATION

7. Debenture debt

a) Owing to third parties

	2026	2025
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 48,709	$ 50,170
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	34,096	35,645
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually repaid July 11, 2025	-	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first semi-annual payment is interest only, the second semi-annual payment is interest plus $667 principal	4,667	5,333
4.344% debenture – interest payable semi-annually, principal is due April 14, 2053	75,000	75,000
	$ 237,472	$ 256,148
Less: unamortized premium, discount and issuance costs	(722)	(771)
	$ 236,750	$ 255,377

The GNWT guarantees all third-party debenture debt.

b) Owing to the GNWT

	2026	2025
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 34,532	$ 35,577

Principal repayments for future years on all debenture debt are as follows:

2027	2028	2029	2030	2031	Thereafter	Total
$ 4,885	$ 5,055	$ 30,235	$ 5,420	$ 5,614	$220,795	$272,004

8. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land. ARO also includes estimated remediation costs to remove asbestos from NTPC's buildings.

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

- Total expected future cash flows - $14,180 (2024-25 - $13,311).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 93 years with a weighted average of 17 years.
- The discount rate is the year-end cost of borrowing of 4.10% (2024-25 – 3.94%) for those obligations to be settled in less than 10 years and 4.87% (2024-25 – 4.59%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2024-25 – 2%).

Following is a summary of the asset retirement obligations:

	2026	2025
Opening balance	$ 6,997	$ 6,440
Liabilities settled	(8)	-
Accretion expense	295	262
Valuation adjustment	114	74
Additions	45	221
Balance, end of year	$ 7,443	$ 6,997

The valuation adjustments relate to changes in discount rates, timing of cash flows and estimated costs to retire assets and remediate asbestos. The valuation adjustments are reflected as changes to the carrying value of the tangible capital assets.

NORTHWEST TERRITORIES HYDRO CORPORATION

9. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 22 geographic locations (2024-25 - 22 locations) with multiple sites at each location which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

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

- Total expected future cash flows - $71,740 (2024-25 - $70,312).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 64 years with a weighted average of 31 years.
- The discount rate is the year-end cost of borrowing of 4.10% (2024-25 – 3.94%) for those obligations to be settled in less than 10 years and 4.87% (2024-25 – 4.59%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2024-25 – 2%).

Following is a summary of the estimated environmental liabilities:

	2026	2025
Opening balance	$ 16,379	$ 15,066
Liabilities settled	(139)	(43)
Valuation adjustment	(824)	1,356
Balance, end of year	$ 15,416	$ 16,379

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 17).

NORTHWEST TERRITORIES HYDRO CORPORATION

10. Capital lease obligation

In 1996, NTPC entered into a 65-year lease from the Dogrib Power Corporation for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The lease matures August 2061. The interest rate on the lease as of March 31, 2026 was 7.75% (2024-25 – 7.75%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 12).

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2027	$	1,562
2028		1,530
2029		1,499
2030		1,467
2031		1,436
Thereafter		28,643
		36,137
Less: amounts representing imputed interest		(21,808)
Total capital lease obligation	**$**	**14,329**

Additional disclosures on NTPC's exposure and management of risk associated with the capital lease obligation can be found in Note 22.

11. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2024-25 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2024-25 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $220 (2024-25 - $210) was 5.04 times (2024-25 – 5.09) the employee's contributions. Employer contributions of $2,865 (2024-25 - $2,802) were recognized as an expense in the current year. The employees' contribution to this plan was $2,645 (2024-25 - $2,621).

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 11. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2026			2025		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 3,544	$ 272	$ 3,816	$ 3,154	$ 242	$ 3,396
Benefits earned	369	23	392	260	18	278
Plan amendments	-	-	-	37	-	37
Interest	154	12	166	146	11	157
Benefits paid	(303)	(38)	(341)	(221)	(27)	(248)
Actuarial (gains) losses	(246)	(4)	(250)	168	28	196
Accrued benefit obligation, end of year	3,518	265	3,783	3,544	272	3,816
Unamortized net actuarial gain/(loss)	(739)	(120)	(859)	(1,135)	(171)	(1,306)
Net future obligation	$ 2,779	$ 145	$ 2,924	$ 2,409	$ 101	$ 2,510

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 11. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2026	2025
Current benefits earned	$ 392	$ 278
Plan amendments	-	37
Interest	166	157
Amortization of net actuarial loss	197	194
	$ 755	$ 666

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

	2026	2025
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	4.4%	4.2%
Expected average remaining service life of related employee groups (EARSL)	10.2 years	10.2 years

NORTHWEST TERRITORIES HYDRO CORPORATION

12. Tangible capital assets

	2026					
	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	$ 542,254	$ 135,025	$ 171,178	$ 28,687	$ 53,395	$ 930,539
Additions	289	-	-	-	64,891	65,180
Transfers – completed projects	47,588	6,975	5,229	432	(60,224)	-
Disposals and adjustments	(2,544)	(595)	(4,039)	(93)	-	(7,271)
Closing balance	587,587	141,405	172,368	29,026	58,062	988,448
Accumulated amortization						
Opening balance	(187,312)	(50,589)	(56,943)	(12,027)	-	(306,871)
Amortization	(15,034)	(3,518)	(5,991)	(488)	-	(25,031)
Disposals and adjustments	1,639	454	3,075	39	-	5,207
Closing balance	(200,707)	(53,653)	(59,859)	(12,476)	-	(326,695)
Net book value	**$ 386,880**	**$ 87,752**	**$ 112,509**	**$ 16,550**	**$ 58,062**	**$ 661,753**

	2025					
	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	$ 455,751	$ 122,256	$ 166,183	$ 28,687	$ 93,144	$ 866,021
Additions	6,393	6,021	832	-	58,687	71,933
Transfers – completed projects	85,541	7,181	5,714	-	(98,436)	-
Disposals and adjustments	(5,431)	(433)	(1,551)	-	-	(7,415)
Closing balance	542,254	135,025	171,178	28,687	53,395	930,539
Accumulated amortization						
Opening balance	(179,543)	(47,926)	(52,536)	(11,547)	-	(291,552)
Amortization	(12,393)	(3,018)	(5,884)	(481)	-	(21,776)
Disposals and adjustments	4,624	355	1,477	1	-	6,457
Closing balance	(187,312)	(50,589)	(56,943)	(12,027)	-	(306,871)
Net book value	**$ 354,942**	**$ 84,436**	**$ 114,235**	**$ 16,660**	**$ 53,395**	**$ 623,668**

The cost of land as of March 31, 2026 included in electric power plants cost is approximately $5,950 (2024-25 - $5,895). Amortization is not recorded on land.

NORTHWEST TERRITORIES HYDRO CORPORATION

13. Inventories

	2026	2025
Materials, supplies and lubricants	$ 10,892	$ 9,579
Critical spare parts	6,457	7,448
Fuel	772	644
	$ 18,121	$ 17,671

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. See also Note 21(a).

14. Accumulated surplus/equity

	2026	2025
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	150,368	152,684
	$ 193,497	$ 195,813

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, 2026, 1 common share (2024-25 – 1 common share), at $43,129 per share (2024-25 – $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.

15. Sale of power

	2026	2025
Power sales to external customers	$ 99,722	$ 88,956
Power sales to GNWT and its related entities	22,103	19,239
GNWT TPSP payments	7,691	7,522
GNWT HSP payments	5,586	5,249
GNWT COL payments	1,565	-
	$ 136,667	$ 120,966

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 Naka Power Utilities customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 15. Sale of power (continued)

The GNWT Cost of Living (COL) payments reduce the rate increase on non-government customers related to the 2024-26 GRA application, and serve to ease overall cost of living pressure.

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.

16. Other revenue and insurance proceeds

	2026	2025
Contract work	$ 3,298	$ 1,446
Connection fees	388	329
Heat revenues	263	311
Pole rental	427	354
Other	175	141
	$4,551	$ 2,581

In August 2025, NTPC finalized the settlement of an outstanding insurance claim related to a hydro unit failure at Snare Forks that occurred in 2018-19. Under the terms of the settlement, NTPC received and recognized $6,000 of insurance proceeds revenues in 2025-26 and NTPC provided the insurers with a full release for the claim.

17. Expenses

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

	2026	2025
Fuel and lubricants (Notes 20, 21)	$ 56,551	$ 59,059
Salaries and wages	36,105	34,313
Supplies and services	29,958	34,930
Amortization of tangible capital assets (Note 12)	25,031	21,776
Amortization of purchased intangible assets	756	63
Interest expense (Note 18)	17,490	14,956
Travel and accommodation	3,580	3,291
Loss on disposal of assets	2,819	1,519
Accretion on ARO (Note 8)	295	262
	$ 172,585	$ 170,169

NORTHWEST TERRITORIES HYDRO CORPORATION

18. Interest expense and interest income

Interest expense

	2026	2025
Interest on debenture debt and capital leases (Notes 7,10)	$ 13,433	$ 14,201
Short-term debt financing costs	5,489	2,697
Capitalized interest during construction	(1,432)	(1,942)
	$ 17,490	$ 14,956

Interest income

	2026	2025
Income from overdue accounts and bank balances	$ 153	$ 102

19. Contributions from the Government of the Northwest Territories

In 2024-25 NTPC entered an agreement with the GNWT that included a contribution of $38,000 related to the Inuvik High Point Wind project that was completed in 2023-24 by NT Energy. The assets related to the Inuvik High Point Wind were acquired by NTPC from NT Energy in 2024-25.

In 2025-26, the GNWT contributed $12,000 (2024-25 - $30,000) towards increased fuel prices and additional fuel consumption incurred as a result of low water conditions.

In 2025-26, the GNWT authorized and paid a contribution to NTPC of $6,000 (2024-25 - $12,000) to assist in reducing utility rates. For regulatory purposes, this funding allowed NTPC to offset certain regulatory sunk costs which were previously incurred.

A new contribution agreement was entered into in 2025-26 to fund $31,300 towards construction of a new LNG plant in Fort Simpson. $1,500 of this was received in 2025-26 and is included in deferred government contributions as of March 31, 2026.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 19. Government contributions (continued)

	2026	2025
Inuvik High Point Wind Project	$ -	$ 38,000
Contribution towards fuel costs related to low water event	12,000	30,000
Contributions to reduce utility rates	6,000	12,000
Fort Providence/Kakisa Transmission Line Program	585	1,788
EV Charging Stations Program	16	1,290
Fort Simpson LNG Program	303	262
NT Energy Rent Program	-	98
Taltson site tour funding	67	-
Inuvik LNG Tank Program	-	14
Board funding	160	-
IPSP contribution	17	-
Repayable portion of Snare due to insurance proceeds	(1,302)	-
	$ 17,846	$ 83,452

In October 2018, the hydro unit at Snare Forks experienced a mechanical failure prior to the start of a planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure. In 2019-20, NTPC received $5,000 as a preliminary installment on the insurance claim and recognized this amount as revenue with a further installment recognized in 2023-24 of $1,260 and a final settlement in 2025-26 of $6,000 for total insurance proceeds of $12,260. The Unit 1 project, along with a capital overhaul on Unit 2, was partially funded by the Investing in Canada Infrastructure Program (ICIP) in previous years. Due to the additional insurance proceeds, as of March 31, 2026, NTPC owes $1,302 to the GNWT for costs previously claimed under the ICIP agreement that were subsequently funded with insurance claims.

NORTHWEST TERRITORIES HYDRO CORPORATION

20. 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 (Note 7(b), 15, 19) in these consolidated financial statements are as follows:

Revenues	**2026**	**2025**
Other revenue	$ 646	$ 233
Rider revenue	547	573
	$ 1,193	$ 806
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 21)	$ 29,792	$ 32,277
Other operating expenses	1,160	1,243
	$ 30,952	$ 33,520
Financial assets		
Revenues receivable		
Utility	$ 2,809	$ 1,578
Non-utility	417	44
	$ 3,226	$ 1,622
Government contributions receivable	$ 595	$ 518
Liabilities		
Accounts payable and accrued liabilities		
Accounts payable to FSD for fuel (Note 21)	$ 33,407	$ 5,355
Repayable government contributions	12,510	5,511
Other accounts payable and accrued liabilities	101	127
	$ 46,018	$ 10,993
Deferred government contributions	$ 2,448	$ 59

The repayable government contributions represent contributions that were received in excess of the eligible expenditures that could be claimed under the agreement.

NORTHWEST TERRITORIES HYDRO CORPORATION

21. Contractual obligations, contractual rights, and contingent liabilities

a) Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2026.

	2027	2028 and subsequent
Operational and lease commitments	$ 6,752	$ 233

Capital projects

NT Hydro has contractual obligations of $12,285 related to capital projects, of which payments are expected to be made in 2026-27.

Fuel management services agreement

NTPC has a fuel management services agreement with GNWT's Fuel Service Division (FSD). Under this agreement, FSD provides fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC. 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 million liters averaged over a 2 year period. The contract expires March 31, 2029.

b) Contractual rights

NTPC has entered into an agreement with the Government of the Northwest Territories to fund the construction of a new LNG plant in Fort Simpson, under which it is entitled to receive funding of $12,000 in 2026-27, $12,000 in 2027-28, and $5,813 in 2028-29.

c) Contingent liabilities

A contractor of NT Hydro has filed a lawsuit seeking recovery of $4,964 for payment under a capital contract. NT Hydro is in the process of filing a statement of defense and counterclaim to offset the amount claimed and losses in excess of the amounts claimed. NT Hydro is also seeking indemnity under a performance bond issued for the project. An assessment of the likelihood of success of the claim, counterclaim or indemnity cannot be made as of March 31, 2026.

Asset retirement obligations

NTPC has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which NTPC anticipates maintaining and operating for an indefinite period, making the date of retirement of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

22. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, government contributions receivable/payable, operating line of credit, accounts payable and accrued liabilities, debenture debts, and capital lease obligation.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	2026	2025
Revenues receivable	$ 22,836	$ 18,024
Government contributions receivable	595	518
Cash	2,510	596
	$ 25,941	$ 19,138

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. Total customer deposits at March 31, 2026 are $1,724 (2024-25 – $1,583). Thirty-two percent (2024-25 - 34%) of NTPC's sales of power are to two other utilities. Twenty-seven percent (2024-25 - 26%) of sales of power, including HSP, TPSP, and COL are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Cash

NT Hydro minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 22. Financial instruments and risk management (continued)

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.

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 $150,000 operating line of credit with a reputable financial institution. The accounts payable and accrued payables are expected to be settled within one year. The following table shows the maturities of the debenture debt, operating line of credit, and capital lease obligation:

	March 31, 2026				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 16,686	$ 103,027	$ 191,823	$ 142,382	$ 453,918
Operating line of credit	131,774	-	-	-	131,774
Capital lease obligation	1,562	7,337	16,365	10,873	36,137
	$ 150,022	$ 110,364	$ 208,188	$ 153,255	$ 621,829

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates. NT Hydro has exposure to interest rate risk on its debenture debt, capital lease obligation, and operating line of credit. Interest expense on the capital lease is not significant.

NT Hydro is primarily exposed to interest rate risk on its operating line of credit, which bears interest at a variable rate based on a benchmark lending rate minus a margin established for fixed short-term intervals. NT Hydro manages its risk on the line of credit by monitoring its borrowing requirements and, where appropriate, replacing line of credit borrowing used to finance capital activities with longer term fixed rate debenture debt. A one percent increase or decrease in the benchmark lending rate throughout the year would have increased or decreased interest expenses on the operating line of credit for the year by approximately $1,259.

NT Hydro manages its risks on long-term debt and by entering into borrowing agreements that have fixed interest rates so that the future cash outflows are predictable.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 22. Financial instruments and risk management (continued)

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

23. Subsequent events

a) Debenture Debt

Subsequent to year-end, in June 2026, the Corporation entered into a long-term debt agreement for proceeds of $100,000 payable to the GNWT. The loan bears interest at a fixed rate of 4.136% per annum, with interest payable semi-annually in arrears from the date of issuance until the loan is fully repaid. Principal repayments are also due semi-annually over the term of the agreement. The loan matures on June 30, 2056. Total annual cash outflows related to this agreement, including both principal and interest, are estimated to be $5,848.

As the agreement was executed after the reporting date, the related repayments are not included in notes 7(b) and 22(b), which disclose scheduled payments on long-term debt outstanding as at year-end.

Northwest Territories Surface Rights Board

Audited Financial Statement

March 31, 2026

Northwest Territories Surface Rights Board
Financial Statements
Year ended March 31, 2026

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YELLOWKNIFE ACCOUNTING PROFESSIONAL CORPORATION

Independent Auditor's Report

Board of Directors, Northwest Territories Surface Rights Board

Opinion

We have audited the accompanying financial statements of the Northwest Territories Surface Rights Board., which comprise the statement of financial position as at March 31, 2026, statement of operations, statement of changes in net financial debts, statements of accumulated surplus and cash flows 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 Northwest Territories Surface Rights Board. as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 the Northwest Territories Surface Rights Board's financial reporting process.

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agn INTERNATIONAL

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 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 the 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 the Northwest Territories Surface Rights Board to cease to continue as a going concern.

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

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

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation
Chartered Professional Accountants
Yellowknife, Northwest Territories
June 28, 2026

Management's Responsibility for Financial Reporting

The accompanying financial statements of the 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 the Northwest Territories Surface Rights Board



Doug Rankin, Executive Director
Northwest Territories Surface Rights Board
June 28, 2026

Northwest Territories Surface Rights Board **Statement I**
Statement of Financial Position
As At March 31, 2026

	2026	2025
Financial Assets		
Cash & Cash Equivalents*(Note 4)*	$ 409,451	$ 279,490
Accounts receivable *(Note 5)*	255	-
Total Financial Assets	**409,706**	**279,490**
Liabilities		
Accounts Payable *(Note 6)*	78,179	37,808
Deferred Revenue *(Note 7)*	331,527	241,682
Total Liabilities	**409,706**	**279,490**
Net Financial Assets	**-**	**-**
Non Financial Assets		
Prepaid Expenses	-	-
	-	-
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, 2026

	2026	2025
Revenues		
Government of NWT contributions	$ 374,395	$ 362,066
Prior year surplus	241,683	277,484
Interest revenue	2,684	10,598
Transferred to deferred revenue	(331,527)	(241,682)
Total Revenues	**287,235**	**408,466**
Expenses		
Bank charges and interest	511	676
Board travel and other costs	14,045	43,286
Honorarium	19,313	41,979
Insurance	-	2,175
Office and other supplies	12,482	34,739
Professional fees	98,276	135,561
Rent	31,438	30,662
Telephone, fax and internet	11,504	12,234
Wages and benefits	99,666	107,154
Total Expenses	**$ 287,235**	**$ 408,466**
Surplus for the Year	**-**	**-**
Accumulated Surplus, Beginning of Year	**-**	**-**
Accumulated Surplus, End of Year	**$ -**	**$ -**

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

Northwest Territories Surface Rights Board **Statement III**
Statement of Changes in Net Financial Assets
For The Year Ended March 31, 2026

	2026	2025
Net Financial Assets, Beginning of Year	**$ -**	**$ -**
Items Affecting Net Financial Asset		
Operating Surplus for the Year	-	-
Net Financial Assets, End of Year	**$ -**	**$ -**

Northwest Territories Surface Rights Board **Statement IV**
Statement of Cash Flows
For the Year Ended March 31, 2026

	2026	2025
Cash Provided by (Used in)		
Operating Activities		
Operating Surplus for the Year	$ -	$ -
Net Change in Non-Cash Working Capital Balances		
Increase in Accounts Receivable	(255)	-
Increase in Accounts Payable	40,371	9,375
Increase (Decrease) in Deferred Revenue	89,845	(35,802)
	129,961	(26,427)
Net Increase (Decrease) in Cash and Cash Equivalents	129,961	(26,427)
Cash and Cash Equivalents, Beginning of Year	279,490	305,917
Cash and Cash Equivalents, End of Year	**409,451**	**279,490**
Cash Consists of :		
Cash in Bank	384,451	32,086
GIC	25,000	247,404
	$ 409,451	**$ 279,490**

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

1. Nature of Organization

Northwest Territories Surface Right Board (The “Board”) is an institution of public government established pursuant to the Surface Right Board (SRB) Act of the NWT. The purpose of the Board is to fairly resolve matters in dispute regarding access to lands in the NWT and waters overlying those lands in the Mackenzie Valley and the compensation to be paid for that access. These lands include Gwich'in Land Claim Settlement lands, Sahtu land claim settlement lands, Tlicho land claim settlements lands, as well as private, commissioner's and crown lands. It also includes Inuvialuit land claim settlement lands.

The Board is exempt from income taxes under Section 149 of the Income Tax Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS).

2a) Use of Estimates

The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within the reasonable limits of materiality and the framework of the significant accounting policies summarized below.

2b) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contributions. The minimum threshold for capitalization of assets is $50,000. Amortization is calculated and recorded on a monthly basis, on a straight line basis in accordance with the asset categories. When a tangible capital asset belongs to a category that offers a range of useful lives, the board shall determine the useful life in a rational and systematic manner, appropriate to the nature and use of the tangible capital assets.

When a tangible capital asset no longer contributes to the Board’s ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset’s fair value or replacement cost.

2c) Revenue Recognition

Government Contracts and Contribution Agreements
The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant Accounting Policies (Cont'd..)

2d) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the organization are either recognized or disclosed in the Financial Statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

i) Interest Rate Risk

The Board is exposed to Interest rate risk on its fixed and floating rate financial instruments. Fixed interest financial instruments subject the Board to a fair value risks while the floating rate instruments subject it to cash flow risk. The Board is not subject to significant interest rate risk as it does not have any long term debt or interest bearing liabilities.

ii) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

iii) Fair Values

The methods and assumptions followed to disclose fair value are inherently matters of judgment. Accordingly, fair values do not necessarily reflect the amounts that would be recovered or paid under the circumstances that immediate settlement of the financial instruments were required. The use of different methods of estimating and different assumptions could have a material effect on the estimated fair value amounts. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities the carrying amounts approximate fair value.

2e) Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

3. Future Accounting Changes

The conceptual Framework for Financial Reporting in the Public Sector: On December 1, 2022, PSAB issued the Conceptual Framework to the PSA handbook. It replaces financial statement concepts, section PS 1000, and financial statement objectives, section PS 1100, which will be withdrawn. The conceptual framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This conceptual framework is to be applied prospectively.

PS 1202-Financial Statement Presentation: This new section set out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principals are based on the concepts in the conceptual framework and particularly respond to the financial statement objectives set out in chapter 6 of the conceptual framework. This section applies for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the conceptual framework is also adopted at the same time.

4. Cash and Cash Equivalents

		2026		2025
Royal Bank Chequing	$	40,098	$	31,898
Royal Bank Savings		344,353		188
Royal Bank Cashable GIC		-		144,056
Royal Bank Non-redeemable GIC		25,000		103,348
	$	**409,451**	**$**	**279,490**

GIC's interest rate is per annum and is paid on maturity. Interest are paid at 2.25%. GIC matures on November 12, 2026

5. Accounts Receivable

		2026		2025
Interest Receivable	**$**	**255**	$	-

6. Accounts Payable

		2026		2025
Trades Payable	$	48,977	$	22,282
Vacation Payable		18,326		14,553
WCB Payable		1,328		351
Payroll Remittances Payable		7,164		-
GNWT Payroll Tax Payable		956		622
RRSP Payable		1,428		-
	$	**78,179**	**$**	**37,808**

7. 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 $331,527 is repayable to GNWT.

		2026		2025
Balance, Beginning of Year	**$**	**241,682**	**$**	**277,484**
Deferred Revenue Recognized as Revenue During for the Year		(241,682)		(277,484)
Deferred Revenue for Processing Applications		331,527		241,682
Balance, End of Year	**$**	**331,527**	**$**	**241,682**

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, 2026.

10. Commitments

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

2027	$28,591

Prosper NWT

Consolidated Financial Statements

For the year ended

March 31, 2026

Prosper NWT
Management's Responsibility for Financial Reporting

The accompanying Consolidated financial statements of Prosper NWT (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 judgment 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 fulfills its responsibilities for financial reporting and internal control. It exercises this responsibility through the Audit Committee, which is comprised of members who are not employees of the Corporation. The Audit Committee meets with management on a regular basis. The external auditors also have full and free access to the Audit Committee.

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

Joyce Taylor, CPA, CA
Chief Executive Officer

Edwin Shu, MSc, CPA, CGA
Director, Finance and Programs

August 26, 2026

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Prosper NWT

Opinion

We have audited the consolidated financial statements of Prosper NWT and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2026, 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 2026, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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
26 August 2026

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Prosper NWT

Consolidated Statement of Financial Position (000's)

	March 31, 2026	March 31, 2025
Financial assets		
Cash (Notes 3 and 18)	$ 13,154	$ 14,471
Accounts receivable (Notes 4, 15 and 18)	958	690
Inventories held for resale (Note 5)	106	108
Loans receivable (Notes 6, 7 and 18)	37,258	35,090
Portfolio investments (Note 8)	230	230
Venture investments (Note 8)	2,350	2,725
	54,056	53,314
Liabilities		
Accounts payable and accrued liabilities	1,227	1,153
Other employee benefits and compensated absences (Note 9)	161	182
Advances from the Government of the Northwest Territories (Notes 10 and 15)	14,982	15,014
Asset retirement obligations	137	244
	16,507	16,593
Net financial assets	37,549	36,721
Non-financial assets		
Tangible capital assets (Schedule A)	112	123
Prepaid expenses	15	6
	127	129
Accumulated surplus	$ 37,676	$ 36,850

Contractual Obligations and Contingencies (Notes 13 and 14)

Approved by:

Brad Mapes
Chairperson of the Board of Directors

Joyce Taylor, CPA, CA
Chief Executive Officer

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

Prosper NWT

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

For the year ended March 31	Budget 2026	Actual 2026	Actual 2025
Annual surplus (deficit)	$ (244)	$ 826	$ 857
Amortization of tangible capital assets	12	11	11
Acquisition of prepaid expenses	-	(15)	(6)
Use of prepaid expenses	-	6	15
	-	(9)	9
Increase (decrease) in net financial assets	(232)	828	877
Net financial assets, beginning of the year	**36,721**	**36,721**	**35,844**
Net financial assets, end of the year	**$ 36,489**	**$ 37,549**	**$ 36,721**

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

Prosper NWT

Consolidated Statement of Operations and Accumulated Surplus (000's)

For the year ended March 31	Budget 2026	Actual 2026	Actual 2025
Revenues			
Interest on loans receivable	$ 2,185	$ 2,438	$ 2,143
Sales and other income	1,112	427	787
Dividend income	-	73	-
Interest on pooled cash (Note 3)	652	860	899
	3,949	3,798	3,829
Government transfers (Note 11)	2,293	2,628	2,869
	6,242	6,426	6,698
Expenses (Note 12)			
Lending and investments	4,998	4,393	4,512
Retail and manufacturing	1,488	1,207	1,329
	6,486	5,600	5,841
Annual surplus (deficit)	(244)	826	857
Accumulated surplus, beginning of year	36,850	36,850	35,993
Accumulated surplus, end of year	$ 36,606	$ 37,676	$ 36,850

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

Prosper NWT

Consolidated Statement of Cash Flow (000's)

For the year ended March 31	2026	2025
Operating transactions		
Cash received from:		
Governments	$ 1,902	$ 1,729
Customers	413	551
Interest and Dividends	3,137	3,197
	5,452	5,477
Cash paid for:		
Compensation and benefits	3,054	2,633
Payments to suppliers	1,361	989
Interest on advances from the Government of the Northwest Territories (Note 10)	420	637
Grants and contributions	251	686
	5,086	4,945
Cash provided by operating activities	**366**	**532**
Investing transactions		
Loans receivable disbursed	(8,816)	(1,667)
Venture investment redeemed	375	-
Loans receivable repaid	6,758	6,542
Cash (used in) provided by investing activities	**(1,683)**	**4,875**
Financing transactions		
Repayment of advances from the Government of the Northwest Territories (Note 10)	-	(8,363)
Cash used for financing activities	**-**	**(8,363)**
Decrease in cash	**(1,317)**	**(2,956)**
Cash, beginning of the year	14,471	17,427
Cash, end of the year	**$ 13,154**	**$ 14,471**

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

1. The Corporation

a) Authority

Prosper NWT (the Corporation), formerly known as the Northwest Territories Business Development and Investment Corporation was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act*, which continued as *Prosper NWT Act* (the Act) effective February 27, 2024 due to the coming in to force of Bill 84, an Act to amend the *Northwest Territories Business Development and Investment Corporation Act.*

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

b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government of the NWT 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.

The Corporation and its organizations are economically dependent upon the transfers received from the Government of the NWT for their ongoing operations (Note 17).

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

c) 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.

d) Budget

The Consolidated budget figures have been derived from the budgets approved by the Financial Management Board (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).

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

(a) Measurement uncertainty

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

The more significant estimates relate to the determination of the valuation of loans receivable, impaired loans, venture investments, amortization, and the allowance for credit losses, the provision for termination and removal benefits, services received without charge and asset retirement obligations. 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.

2. Summary of significant accounting policies (continued)

(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
Fine arts and crafts			
Acho Dene Native Crafts Ltd.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Ulukhaktok, NT	100%	February 12, 2008
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Muskox Harvesting			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

On March 26, 2025, Prosper NWT completed a transaction to divest 60% of its ownership interest in Dene Fur Clouds Ltd., a wholly owned subsidiary prior to the transaction. As a result, Prosper NWT lost control over Dene Fur Clouds Ltd. and ceased consolidating its financial results from that date forward.

(c) Cash

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

(d) Accounts receivable

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

2. Summary of significant accounting policies (continued)

(e) Inventories held for resale

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. In estimating NRV, an allowance for obsolescence is considered to address potential decreases in value due to factors such as inventory age, changing market conditions, and deterioration. The inventory allowances are reviewed annually for each subsidiary to ensure that reported net inventory values represent the expected net realizable value based on age and other factors.

2. Summary of significant accounting policies (continued)

(f) Loans receivable

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

Loans are considered in default when payments are three months past due (unless the loan was fully secured), or six months past due (regardless of whether the loan was fully secured).

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

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

Interest income is recognized on an accrual basis using the effective interest rate method until such time as the loan is classified as impaired. All payments received (i.e. recoveries) subsequent to a loan, or loan with concessionary terms, being classified as impaired, are offset against the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

In accordance with the FAA, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. Once an account has been forgiven, no further collection action is possible.

2. Summary of significant accounting policies (continued)

(g) Allowance for credit losses

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

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

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

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

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

(h) Venture and Portfolio investments

Venture and Portfolio 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 these investments are included in revenue when received. When they are received, they are deposited to the Venture Investment Fund to be used for additional investment activities.

There is no active quoted market.

(i) Accounts payable and accrued liabilities

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

2. Summary of significant accounting policies (continued)

(j) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. A liability for an asset retirement obligation is recognized in the period in which the legal obligation is incurred, provided a reasonable estimate of the amount can be made.

The liability is initially measured at management's best estimate of the costs required to retire the related tangible capital asset and is discounted from the expected date of settlement to its present value using the Corporation's credit-adjusted risk-free rate. 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 in a manner consistent with the amortization of the underlying asset. The liability is adjusted in each reporting period for the passage of time, with the accretion expense recognized in earnings during the period.

Revisions to estimated retirement costs, the timing of settlement, or changes in assumptions used in measuring the obligation may result in an increase or decrease to both the asset retirement obligation and the carrying amount of the related asset. Actual costs incurred upon settlement of an asset retirement obligation are charged against the liability to the extent of the obligation recognized.

(k) Revenue

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 Consolidated Statement of Operations and Accumulated Surplus as the stipulation liabilities are settled.

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

ii) **Sales and other income**: Revenue from sales of goods represents exchange transactions with performance obligations that are satisfied at a point in time when control of the goods transfers to the customer. Control generally transfers upon delivery and acceptance of the goods, when legal title also passes to the customer. These factors indicate that the performance obligation has been satisfied in accordance with PS 3400.

Revenue is recognized when the performance obligation is satisfied, the amount can be reasonably estimated, and collection is reasonably assured.

2. Summary of significant accounting policies (continued)

(l) Post-employment benefits

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

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

(m) Tangible capital assets

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

Land	Not amortized
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 and Accumulated Surplus.

(n) Financial instruments

The Corporation's financial instruments consists of cash, accounts receivable, portfolio investments, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government of the NWT. Advances from the Government of the Northwest Territories are governed by loan agreement that establish the applicable interest rates and repayment terms. Interest is compounded annually and added to the outstanding principal balance. These financial instruments are measured at cost.

2. Summary of significant accounting policies (continued)

(o) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the 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 of revenues over expenses, provides the change in net financial assets during the year.

(p) Segment disclosure

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represents the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls. Interest on loans receivable and interest on pooled cash are generated from lending and investment activities. Sales and other income are generated from retail and manufacturing activities.

(q) Future Changes to Accounting Standards

The Conceptual Framework for Financial Reporting in the Public Sector: On December 1, 2022, PSAB issued the Conceptual Framework to the Public Sector Accounting (PSA) handbook. It replaces PS 1000, Financial Statement Concepts and PS 1100, Financial Statement objectives, which will be withdrawn. The conceptual framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This conceptual framework is to be applied prospectively.

PS 1202- Financial Statement Presentation: This new section sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts in the conceptual framework and particularly respond to the financial statement objectives set out in chapter 6 of the conceptual framework. This section applies for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the conceptual framework is also adopted at the same time. This standard will be applied retroactively with restatements.

3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for post-employment benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government of the NWT’s surplus cash that is invested in a diversified portfolio of high-grade, short-term income producing assets. Cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government of the NWT. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation earned $860 in interest at an average investment yield of 5.52% during the year (2025: $899 at an average investment yield of 5.41%).

3. Cash (continued)

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

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

The Corporation is responsible for administering post-employment benefits including the cash held (Note 9b).

	000's	
	2026	**2025**
Cash held by the Corporation for operations	$ 4,944	$ 6,377
Cash held by the Corporation's organizations	801	1,098
	5,745	7,475
Venture Investment Fund	1,641	1,193
Capital Fund	873	873
Subsidy Fund	226	237
Venture Reserve Fund	758	758
Loans and Bonds Fund	3,859	3,788
Capital Reserve Fund	52	147
	7,409	6,996
	$ 13,154	**$ 14,471**

4. Accounts receivable

	000's	
	2026	**2025**
Receivables	$ 288	$ 231
Receivables from the Government of the NWT	121	334
Receivables from the Government of Canada	700	275
Less: provision for doubtful accounts	(151)	(150)
	$ 958	**$ 690**

5. Inventories held for sale

	000's	
	2026	**2025**
Arts and crafts	$ 17	$ 25
Canvas products	89	83
	$ 106	**$ 108**

During the year, $14 of inventories were written down (2025: $13) and no inventories were pledged as security. Also during the year, the Corporation had $62 recoveries on inventory that had been previously written down (2025: $148). Inventory write-downs and recoveries are included in the cost of goods sold. The Corporation's write down estimate is five years.

6. Loans receivable

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

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

		000's			
			2026		2025
		Rate Range	Balances	Rate Range	Balances
		%		%	
Performing loans due within:	1 year*	1.75-7.95	$ 12,516	1.75-6.95	$ 6,352
	1-2 years*	4.45-8.95	8,258	1.75-6.45	9,366
	2-3 years	2-11.2	3,311	4.45-8.95	9,255
	3-4 years	6.95-9.2	3,530	2.00-11.20	4,429
	over 4 years	3-8.45	6,861	6.95-9.20	2,158
			34,476		31,560
Accrued loan interest receivable			191		150
Impaired loans			6,427		7,076
			41,094		38,786
Less: allowance for credit losses (Note 7)			3,836		3,696
			$ 37,258		**$ 35,090**

* See loans with concessionary terms below.

In 2026, no loans receivable were written off (2025: $nil) by the board of directors and no loans receivable were forgiven (2025: Six loans receivable amounting to $740 were forgiven) by the FMB.

6. Loans receivable (continued)

Concentration of credit risk

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

Industry sector concentration

	000's			
	2026		2025	
Sectors	**Performing**	**Impaired**	**Performing**	**Impaired**
Accommodations, food and beverage	$ 3,769	$ 1,615	$ 3,991	$ 1,990
Agriculture	542	2,051	559	1,869
Arts and crafts	-	289	1	309
Business services	614	-	670	-
Communication	-	258	-	334
Construction	4,752	1,338	5,613	1,338
Educational services	-	-	5	-
Entertainment and recreation	-	-	497	-
Finance and insurance	200	-	227	-
Fisheries and wildlife	3	-	12	-
Forestry and logging	279	-	288	-
Healthcare	529	-	19	-
Information and cultural industries	1	-	17	-
Management of companies	1,080	-	1,123	-
Manufacturing	309	-	414	-
Mining	4,033	-	251	-
Oil and gas	-	335	-	333
Other services	1,479	33	1,677	33
Professional, scientific and technical services	220	-	301	-
Real estate	8,195	-	5,161	-
Retail	4,366	201	6,625	200
Transportation and storage	2,618	12	2,620	14
Travel and tourism	1,172	295	1,047	656
Wholesale	315	-	442	$ -
	$ 34,476	**$ 6,427**	**$ 31,560**	**$ 7,076**

6. Loans receivable (continued)

Geographic concentration

	000's			
	2026		2025	
Region	**Performing**	**Impaired**	**Performing**	**Impaired**
Beaufort-Delta	$ 3,840	$ 187	$ 3,028	$ 204
Dehcho	7,235	33	6,481	460
North Slave	10,306	5,042	5,604	5,152
Sahtu	3,114	13	3,346	14
South Slave	9,981	1,152	13,101	1,246
	$ 34,476	**$ 6,427**	**$ 31,560**	**$ 7,076**

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

	000's	
Credit risk rating	**2026**	**2025**
Low	$ 14,905	$ 16,123
Medium	14,537	14,610
High	5,034	827
	$ 34,476	**$ 31,560**

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 number of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	**2026**	**2025**
31 - 60 days	2	1
61 - 90 days	2	-
Over 90 days	-	2
	4	**3**

6. Loans receivable (continued)

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 recently updated regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is $5 million up from $2 million. Amounts greater than $5 million must be approved by the FMB. There was one loan approved by the FMB in 2026 (2025: nil).

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

	000's	
Concessionary terms	**2026**	**2025**
With no concessionary terms	$ 40,903	$ 38,227
With concessionary terms	-	409
Accrued loan interest receivable	191	150
	$ 41,094	**$ 38,786**

Economic relief measure extended - Loans with concessionary terms

The Corporation offered low interest working capital loans during the pandemic in 2021. Loans up to $25 or higher in certain circumstances, were provided to qualified businesses at a rate of 1.75% on unsecured loans, which normally have an interest rate of 6.45% (prime + 4%). As at March 31, 2026, there are no loans receivable subject to concessionary terms, no reduction in loans receivable arising from concessionary terms, and no specific allowance related to loans with concessionary terms (2025: loans receivable reduction of $11; specific allowance of $55).

7. Allowance for credit losses

	000's	
	2026	**2025**
Balance, beginning of year	$ 3,696	$ 3,745
Provision for credit losses	265	239
Recoveries from repayments of allowance	(125)	(288)
Balance, end of year	**3,836**	**3,696**
Comprised of:		
Specific allowance*	3,147	3,065
General allowance	689	631
Balance, end of year	**$ 3,836**	**$ 3,696**

*The specific allowance includes nil (2025: $55) for the economic relief working capital loans that were disbursed in 2021 (Note 6).

8. Investments

(a) 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, 2026, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2026 were $2,943 (2025: $3,318) with accumulated write-downs of $593 (2025: $593). In 2026, no venture investments were approved for write-off (2025: nil) by the board and no forgiveness by the FMB (2025: nil).

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 Issuer and earn dividends at either fixed or variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

(b) Portfolio investments

Portfolio investments recorded at cost and amortized cost are comprised of the following:

Equities not quoted in an active market

Preference shares - $230 (2025: $230)

Ordinary shares - $2 dollars (2025: $2 dollars)

The shares are classified as portfolio investments in accordance with PS 3041, *Portfolio Investments*, and are measured at cost.

Fair value information is not disclosed because these shares are not quoted in an active market, and cost is used as a proxy for value.

At March 31, 2026, no indicators of an other-than-temporary decline in value were identified, and no write-downs were recorded.

Dividends from these investments are recognized as revenue in the Consolidated Statement of Operations and Accumulated Surplus when received.

9. Employment and post-employment benefits

(a) Pension benefits

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(l)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date.

For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.01 times (2025: 1.02) 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 (2025: 1.0) the employee's contribution. Total contributions of $152 (2025: $130) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2026	**2025**
Corporation's contributions	$ 152	$ 130
Employees' contributions	152	129

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.

9. Employment and post-employment benefits (continued)

(b) Termination, removal benefits and leave

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

The most recent actuarial valuation was completed in February 2025 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.

	000's	
Change in Obligation	**2026**	**2025**
Accrued benefit obligation, beginning of year	$ 115	$ 135
Current period benefit cost	6	8
Interest cost	5	7
Benefits payments	(2)	(3)
Actuarial gain	(29)	(32)
Accrued benefit obligation, end of year	95	115
Unamortized actuarial gain	66	67
Accrued benefit liability*	**$ 161**	**$ 182**

*Total retirement, post-employment, and other leave benefits includes $120 (2025: $148) related to severance and removal and $41 (2025: $34) related to compensated absences.

	000's	
Benefits Expense	**2026**	**2025**
Current period benefit cost	$ 6	$ 8
Interest cost	5	7
Amortization of actuarial gain	(30)	(9)
Post-employment benefits	**$ (19)**	**$ 6**

The discount rate used to determine the accrued benefit obligation is an average of 4.70% (2025: 4.30%). The assumed rate of compensation increase is 2% (2025: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 10.6 years (2025: 10.6 years). No inflation was applied.

10. Advances from the Government of the Northwest Territories

For the purpose of providing financial assistance to or making investments in business enterprises, the Act authorizes the Corporation to borrow from the Government of the NWT through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed $45 million (2025: $45 million) as at March 31, 2026.

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 2.39% to 2.95% (2025: 2.61% to 4.18%) during the year.

	000's	
	2026	**2025**
Balance, beginning of year:	$ 15,014	$ 23,377
Interest expense and cost of interest (Note 12)	388	637
Repayments of advances (Note 18)	(420)	(9,000)
Balance, end of year	**$ 14,982**	**$ 15,014**

During the year, no advances were provided to the Corporation (2025: nil) to cover new loans receivable. The $420 (2025: $9,000) paid during the year represents nil (2025: $8,317) in principal and $420 (2025: $683) in interest.

11. Government transfers

	000's					
	2026			**2025**		
	Lending/ Investments	**Retail/ Manufacturing**	**Total**	**Lending/ Investments**	**Retail/ Manufacturing**	**Total**
Government of the NWT:						
Operations and maintenance	$ 1,600	$ -	**$ 1,600**	$ 1,632	$ 200	**$ 1,832**
Services received without charge (Note 16)	537	-	**537**	645	-	**645**
	2,137	-	**2,137**	2,277	200	**2,477**
Federal programs	491	-	**491**	392	-	**392**
	$ 2,628	**$ -**	**$ 2,628**	**$ 2,669**	**$ 200**	**$ 2,869**

A stipulation included in the agreement is for any unspent funds to be repaid to the Government of the NWT. There were no unspent amounts in 2026 (2025: nil).

12. Consolidated budgeted figures and expenses by object

	000's							
	2026				2025			
	Total Budget	Lending/ Investments	Retail/ Manufacturing	Total	Total Budget	Lending/ Investments	Retail/ Manufacturing	Total
Advertising and promotion	$ 36	$ 15	$ -	**$ 15**	$ 87	$ 30	$ 43	**$ 73**
Amortization	12	-	11	**11**	20	-	11	**11**
Asset retirement	2	-	1	**1**	13	-	2	**2**
Bad debts	4	-	1	**1**	7	-	29	**29**
Bank charges and interest	23	2	24	**26**	29	4	22	**26**
Board members	66	60	4	**64**	92	50	3	**53**
Business Service Centre	256	379	-	**379**	275	225	-	**225**
Compensation and benefits*	2,851	2,482	308	**2,790**	2,846	2,681	229	**2,910**
Computers and communications	141	106	11	**117**	138	121	27	**148**
Cost of goods sold	785	-	540	**540**	704	-	641	**641**
Digital technology support**	380	326	-	**326**	563	363	-	**363**
Insurance	31	-	46	**46**	30	-	44	**44**
Interest expense and cost of interest rate reduction	800	388	-	**388**	1,467	637	-	**637**
Office and general	60	67	25	**92**	88	49	32	**81**
Professional services	400	138	63	**201**	448	155	186	**341**
Provision for (recovery of) credit losses (net)	250	140	-	**140**	510	(57)	-	**(57)**
Rent	207	181	2	**183**	187	191	14	**205**
Repairs and maintenance	16	-	153	**153**	46	-	3	**3**
Training and workshops	54	36	-	**36**	86	18	-	**18**
Travel	90	73	1	**74**	81	45	11	**56**
Utilities	22	-	17	**17**	57	-	32	**32**
	$ 6,486	**$ 4,393**	**$ 1,207**	**$ 5,600**	**$ 7,774**	**$ 4,512**	**$ 1,329**	**$ 5,841**

*Compensation and benefits include the estimated cost of staff support services provided without charge by the Department of Industry, Tourism and Investment of $306 (2025: $414). See Note 16.

**Digital technology support includes grants and contributions provided under Prosper NWT programs. Grant and contribution expense recognized during the year was $326 (2025: $363).

13. Contractual obligations

As at March 31, 2026, one approved loan to a business remained partially undisbursed, with $500 of the approved loan amount not yet disbursed (2025: nil). The undisbursed portion does not form part of the loans receivable balance until disbursed. Also as at March 31, 2026, there were no approved ventures not disbursed (2025: nil) and all approved contributions to businesses had been disbursed (2025: all).

14. Contingencies

Loans

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totaling $200 (2025: one loan totaling $228). 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 2026, no accounts were assigned to the Corporation (2025: nil).

Letters of credit

The Corporation has one outstanding irrevocable standby letter of credit. The amounts of this letter of credit totaled $2,000 (2025: $2,000) and expire in fiscal 2030. Payment by the Corporation is due from this letter in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by a promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2025: nil).

15. Related party transactions

The Corporation is related in terms of common ownership to all Government of the NWT created departments, territorial corporations, public agencies, its board of directors and key management personnel and their close family members. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge (Note 16).

15. Related party transactions (continued)

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

	000's	
	2026	**2025**
Revenues		
Sales	$ 14	$ 15
Government of the NWT transfers (Note 11)	2,137	2,477
Expenses		
Purchases	58	62
Services received without charge (Note 16)	537	645
Interest on advances from the Government of the NWT (Note 10)	388	637
Balances at year end		
Accounts receivable	121	90
Accounts payable and accrued liabilities	348	630
Advances from the Government of the NWT (Note 10)	14,982	15,014

16. Services received without charge

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

	000's	
	2026	**2025**
Staff support from the Department of Industry, Tourism, and Investment	$ 306	$ 414
Accommodation provided by the Department of Infrastructure	231	231
	537	**645**

17. Economic dependence

The Corporation received 34% (2025: 37%) of its revenues in the form of a contribution and services without charge from the Government of the NWT. The Corporation's continued operations are dependent on these arrangements.

18. Risk management

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

18. Risk management (continued)

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 $5 million. Amounts greater than $5 million must be approved by the FMB.

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

As at March 31, 2026, $4,042 (2025: $5,381) of the impaired loans are fully secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. During the year, the Corporation amended its credit risk management practices following an increase in lending limit from $2 million to $5 million. As a result, the Corporation revised its credit risk management objectives, credit assessment, approvals, and monitoring practices to address the increased credit risk associated with larger lending and investment exposures.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2026:

	000's	
	2026	**2025**
Cash	$ 13,154	$ 14,471
Accounts receivable	958	690
Loans receivable	37,258	35,090
Letters of credit	2,000	2,000

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

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

The Corporation manages its interest rate risk by paying down the advances from the Government of the NWT with cash available from the Loans and Bonds fund. During the year, the repayment of advances amounting to $420 (Note 10) were made to the Government of the NWT (2025: $9,000).

Based on the Corporation's advances from the Government of the NWT as at March 31, 2026, and the monthly cash balance on hand, a 100-basis point increase in interest rates would decrease annual surplus by $2 (2025: decrease of $38). A 100-basis point decrease in interest rates would increase annual surplus by $2 (2025: increase of $34).

Liquidity risk

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

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

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

Prosper NWT

Consolidated Schedule of Tangible Capital Assets (000's) **Schedule A**
March 31, 2026

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2026	March 31, 2025
Cost of tangible capital assets, opening	$ 78	$ 1,784	$ 628	$ 526	$ 9	$ 3,025	$ 3,056
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(31)
Cost of tangible capital assets, closing	78	1,784	628	526	9	3,025	3,025
Accumulated amortization, opening	-	1,739	628	526	9	2,902	2,922
Amortization expense	-	11	-	-	-	11	11
Disposals	-	-	-	-	-	-	(31)
Accumulated amortization, closing	-	1,750	628	526	9	2,913	2,902
Net book value	**$ 78**	**$ 34**	**$ -**	**$ -**	**$ -**	**$ 112**	**$ 123**

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

STATUS OF WOMEN COUNCIL OF THE NWT

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2026

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STATUS of WOMEN COUNCIL
NORTHWEST TERRITORIES

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 welldefined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

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

Executive Director
June 4, 2026

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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, 2026, 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, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

June 4, 2026

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF FINANCIAL POSITION
March 31, 2026

ASSETS

	2026	2025
CURRENT		
Cash	$ 574,614	$ 371,312
Accounts receivable (note 3)	20,250	15,363
Prepaid expenses	-	2,323
	594,864	388,998
DESIGNATED CASH	85,408	83,967
TANGIBLE CAPITAL ASSETS (note 4)	7,255	10,364
	$ 687,527	$ 483,329

LIABILITIES

CURRENT		
Trade payables and accruals (note 5)	$ 247,566	$ 108,003
Wages and benefits payable	12,621	5,561
Deferred revenue (note 6)	230,417	172,281
Government remittances payable	3,151	3,627
	493,755	289,472

FUND BALANCES

UNRESTRICTED SURPLUS (DEFICIT) per page 3	90,979	87,955
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	7,255	10,364
CONTINGENCY FUND per page 3	65,538	65,538
BENEFITS FUND per page 3	30,000	30,000
	193,772	193,857
	$ 687,527	$ 483,329

Approved:

Chairperson

Shelley Hawkelak Member

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF OPERATIONS

For the year ended March 31, 2026

	2026	2025
REVENUES		
Core - Schedule 1	$ 538,104	$ 504,905
Vigil - Schedule 2	700	-
Victim Awareness Week - Schedule 3	25,988	119,942
Women's Program - Schedule 4	-	3,904
Gender Based Violence - Schedule 5	28,765	50,000
Victim Assistance Fund - Schedule 6	-	6,756
Gender Equity - Schedule 7	36,323	-
Wage Systemic Change - Schedule 8	226,422	151,554
	856,302	837,061
EXPENSES		
Core - Schedule 1	389,428	504,905
Vigil - Schedule 2	785	-
Victim Awareness Week - Schedule 3	12,495	36,119
Women's Program - Schedule 4	-	3,904
Gender Based Violence - Schedule 5	28,765	56,283
Victim Assistance Fund - Schedule 6	-	6,756
Gender Equity - Schedule 7	36,323	-
Wage Systemic Change - Schedule 8	226,422	151,554
	694,218	759,521
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	162,084	77,540
CONTRIBUTION REPAYABLE		
Core - Schedule 1	148,676	-
Victim Awareness Week - Schedule 3	13,493	83,806
	162,169	83,806
DEFICIENCY OF REVENUES OVER EXPENSES	$ (85)	$ (6,266)

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2026

	2026				
	Unrestricted Surplus (Deficit)	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
BALANCE, opening	$ 87,955	$ 10,364	$ 65,538	$ 30,000	$ 193,857
Deficiency of revenues over expenses	(85)	-	-	-	(85)
Amortization of tangible capital assets	3,109	(3,109)	-	-	-
BALANCE, closing	$ 90,979	$ 7,255	$ 65,538	$ 30,000	$ 193,772

	2025				
	Unrestricted Surplus (Deficit)	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
BALANCE, opening	$ 89,779	$ 14,806	$ 65,538	$ 30,000	$ 200,123
Deficiency of revenues over expenses	(6,266)	-	-	-	(6,266)
Amortization of tangible capital assets	4,442	(4,442)	-	-	-
BALANCE, closing	$ 87,955	$ 10,364	$ 65,538	$ 30,000	$ 193,857

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CASH FLOWS
For the year ended March 31, 2026

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and donations	$ 838,551	$ 1,061,562
Cash paid for materials and services	(489,953)	(1,053,658)
Cash paid for wages and benefits	(143,855)	(299,842)
INCREASE (DECREASE) IN CASH	204,743	(291,938)
CASH, opening	455,279	747,217
CASH, closing	$ 660,022	$ 455,279
REPRESENTED BY:		
Cash	$ 574,614	$ 371,312
Designated cash	85,408	83,967
	$ 660,022	$ 455,279

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

1. NATURE OF OPERATIONS

Status of Women Council of the NWT (the "Council") is a government not-for-profit organization of the Government of the Northwest Territories ("GNWT") and was established under the *Status of Women Council Act* of the Northwest Territories dated April 4, 1990.

The objectives of the Council are:

1) to develop public awareness of issues affecting the status of women;
2) to promote a change in attitudes within the community in order that women may enjoy equality;
3) to encourage discussion and expression of opinion by residents of the Northwest Territories on issues affecting the status of women;
4) to advise the Minister on issues that the Minister may refer to the council for consideration;
5) to review policies and legislation affecting women and to report its findings to the relevant government departments or agencies;
6) to provide assistance to the Minister in promoting changes to ensure the attainment of equality of women; and
7) to provide the appropriate assistance to organizations and groups whose objectives promote the equality of women.

The Council may:

1) receive and hear submissions and suggestions from individuals and groups concerning the status of women;
2) research matters relating to the status of women;
3) suggest research areas in relation to matters relating to the status of women that may be studied by any interested persons;
4) recommend and participate in programs concerning the status of women;
5) recommend legislation, policies and practices to improve the equality of opportunity for women and to improve the status of women;
6) publish any reports, studies or recommendations that the Council considers advisable;
7) present reports to the Minister to be laid before the Legislative Assembly;
8) contract and be contracted in the name of the Council; and
9) make bylaws to regulate the affairs of the Council.

The Council is exempt from income tax under subsection 149(1) of the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Financial instruments

The Council initially measures its financial assets and liabilities at fair value. The Council subsequently measures its financial assets and financial liabilities at amortized cost.

(c) Tangible capital assets

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

Equipment	20%
Computer equipment	30%

(d) Employee future benefits

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

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

(e) Revenue recognition

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Contributed materials and services

Directors and volunteers volunteer their time to assist in the Council's activities. While these services benefit the Council considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

The GNWT provides the Council with office premises without charge. The estimated value of these rental premises are recognized as expenses with a corresponding credit to revenues to reflect the full cost of the Council's operations in the financial statements.

(g) Allocated expenses

The Council allocates certain general support expenses according to the contribution agreement to which the expenditure relates. The expenditures are any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expenditure.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in income in the period in which they become known. Estimates are used when accounting for certain items such as allowance for doubtful accounts, the useful life of tangible capital assets, and employee future benefits.

3. ACCOUNTS RECEIVABLE

	2026	2025
GNWT - Health & Social Services	$ -	$ 14,963
Canada - Women and Gender Equality (WAGE)	20,250	-
NWT Charter Service	-	400
	$ 20,250	$ 15,363

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

4. TANGIBLE CAPITAL ASSETS

	2026			2025
	Cost	Accumulated amortization	Net	Net
Equipment	$ 4,870	$ 4,870	$ -	$ -
Computer equipment	72,433	65,178	7,255	10,364
	$ 77,303	$ 70,048	$ 7,255	$ 10,364

5. TRADE PAYABLES AND ACCRUALS

	2026	2025
Trade payables	$ 28,059	$ 437
Scotiabank Visa	15,338	-
Accrued liabilities	42,000	22,400
GNWT funds repayable	162,169	85,166
	$ 247,566	$ 108,003

6. DEFERRED REVENUE

Deferred revenue as at March 31, 2026, consists of the following:

	2026	2025
Core fund	$ 51,364	$ 72,432
Elimination of Violence	5,000	5,000
Family Violence	83,806	-
Wise Women	8,015	8,015
VAF2	3,244	3,244
Gender Equity	56,288	68,378
WAGE	21,604	14,116
Women's Program	1,096	1,096
	$ 230,417	$ 172,281
Deferred revenue, opening	172,281	60,252
Receipts	829,932	917,713
Funding expended	(609,627)	(703,238)
Contribution repayable	(162,169)	(85,166)
Prior period adjustment	-	(17,280)
	230,417	172,281

7. CONTRACTUAL RIGHTS

As at March 31, 2026, the Council had entered into contribution agreements with the GNWT - Gender Equity Division with the term of November 2, 2023 - March 31, 2027. The future maximum contributions are as follows:

	GNWT - Department of Status of Women	WAGE Canada	GNWT Gender Equity Division	Total
2026-2027	$ -	$ -	$ 50,000	$ 50,000

8. 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.

9. REVENUES BY OBJECT

	2026	2025
Government grants and contributions	$ 853,566	$ 822,049
Sponsorship, donations and events	700	-
Administration fees	595	12,240
Interest income	1,441	2,772
	$ 856,302	$ 837,061

10. 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:

	2026	2025
Benefits Fund	$ 30,000	$ 30,000

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

11. 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:

	2026	2025
Contingency Fund	$ 65,538	$ 51,732
Transfer from unrestricted surplus	-	13,806
Contingency Fund, closing	$ 65,538	$ 65,538

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

12. 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, 2026, the Council has a $35,000 (2025 - $35,000) credit card facility with the Bank of Nova Scotia. As at March 31, 2026 $15,388 had been utilized.

13. 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.

13. RELATED PARTY TRANSACTIONS, continued

	2026	2025
Revenue		
GNWT - Executive & Indigenous Affairs	$ 444,000	$ 444,000
GNWT - Executive & Indigenous Affairs GED	-	117,500
GNWT - Executive & Indigenous Affairs Women's Program	-	5,000
GNWT - Department of Justice	-	55,000
GNWT - Health & Social Services	25,988	29,925
GNWT - Municipal & Community Affairs	-	20,000
GNWT - Infrastructure (Contributed rent)	71,000	71,000
	$ 540,988	$ 742,425
Expenses		
GNWT - Infrastructure (Contributed rent)	$ 71,000	$ 71,000
GNWT - Financial Shared Services	1,363	792
Northwest Territories Health and Social Services Authority	-	25,200
Dehcho DEC	-	20,000
	$ 72,363	$ 116,992

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.

14. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect a receivable which was reported as revenue on the WAGE schedule.

Net earnings for the year ended March 31, 2025 has not changed. The WAGE program is now showing a decrease in revenue of $17,280 and a decrease in deferred revenue of $17,280.

In addition, the company has decreased previously reported accounts receivable by 17,280 and increased deferred revenue by $17,280 as at March 31, 2025.

15. 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, 2026

SCHEDULE OF CORE **Schedule 1**

	2026	2025
REVENUES		
GNWT - Executive & Indigenous Affairs	$ 443,999	$ 444,000
GNWT - Contributed Rent	71,000	71,000
Administration Recovery	595	12,240
Miscellaneous	1,441	2,772
Deferred Revenue	21,069	(25,107)
	538,104	504,905
EXPENSES		
Advertising	314	1,800
Amortization	3,109	4,442
Community support	-	5,506
Contributed Rent	71,000	71,000
Equipment Rental	-	6,557
Honoraria	2,700	7,300
Interest & Bank Charges	1,275	1,749
Mail Service	1,641	1,353
Meetings	556	1,176
Professional Development - Staff	6,825	250
Professional/Contract Services	103,224	70,663
Resources/Subscriptions	7,429	303
Supplies	5,897	2,597
Technology	9,573	11,573
Telecommunications	13,177	8,700
Travel	11,793	19,057
Wages & Benefits	150,915	290,879
	389,428	504,905
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER EXPENSES	148,676	-
OTHER EXPENSES		
Repayable to GNWT	148,676	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF VIGIL **Schedule 2**

	2026	2025
Other Contributions	$ 700	$ -
Materials and Supplies	(785)	-
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	$ (85)	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF VICTIM AWARENESS WEEK **Schedule 3**

	2026	2025
REVENUE		
GNWT - Department of Justice	$ 25,988	$ 45,000
Deferred Revenue	-	45,000
Dept of H&SS	-	29,942
	25,988	119,942
EXPENSES		
Administration Fees	595	-
Advertising and promotion	-	2,780
Community events	-	500
Community support	11,900	25,200
Freight	-	1,066
Materials	-	6,299
Professional fees	-	274
	12,495	36,119
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER EXPENSES	13,493	83,823
OTHER EXPENSES		
Repayable to GNWT	13,493	83,806
EXCESS OF REVENUES OVER EXPENSES	$ -	$ 17

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF WOMEN'S PROGRAM **Schedule 4**

	2026	2025
REVENUE		
GNWT	$ -	$ 5,000
Deferred Revenue	-	(1,096)
	-	3,904
EXPENSES		
Freight	-	3,904
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF GENDER BASED VIOLENCE **Schedule 5**

	2026	2025
REVENUE		
GNWT Funding	$ 50,000	$ 50,000
Deferred Revenue	(21,235)	-
	28,765	50,000
EXPENSES		
Advertising & Promotion	-	1,151
Community Support	1,803	-
Facility rental	1,100	-
Freight	125	1,465
Materials	16,987	819
Professional fees	8,750	45,044
Travel	-	6,060
Workshop Expenses	-	1,744
	28,765	56,283
DEFICIENCY OF REVENUES OVER EXPENSES	$ -	$ (6,283)

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF VICTIM ASSISTANCE FUND **Schedule 6**

	2026	2025
REVENUE		
GNWT - Executive & Indigenous Affairs	$ -	$ 10,000
Deferred Revenue	-	(3,244)
	-	6,756
EXPENSES		
Professional Fees	-	3,670
Materials	-	929
Marketing & Communications	-	1,122
Printing & Postage	-	507
Community Support	-	528
	-	6,756
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF GENDER EQUITY **Schedule 7**

	2026	2025
REVENUE		
GNWT Funding	$ 3,000	$ 67,500
Deferred Revenue	33,323	(67,500)
	36,323	-
EXPENSES		
Freight/Transportation	157	-
Materials & Supplies	21,662	-
Other	1,326	-
Postage	535	-
Professional Fees	12,643	-
	36,323	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

SCHEDULE OF WAGE SYSTEMIC CHANGE **Schedule 8**

	2026	2025
REVENUE		
WAGE (Women and Gender Equity) Canada	$ 233,909	$ 165,671
Deferred Revenue	(7,487)	(14,117)
	226,422	151,554
EXPENSES		
Administration Fees	-	12,240
Research/Contract Fees	226,422	103,084
Other	-	789
Professional Fees	-	34,361
Facility Rental	-	1,080
	226,422	151,554
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2026

Schedule - EXPENSES BY OBJECT **Schedule 9**

	2026	2025
Administration	$ 14,958	$ 11,447
Administration Fees	226	12,543
Amortization	3,109	4,442
Bookkeeping, audit and legal	86,572	33,490
Community events	1,100	1,580
Community support	13,704	31,234
Computer	5,813	11,573
Compensation and Benefits	150,915	290,879
Contributed Rent	71,000	71,000
Fees and Dues	740	736
Equipment Rental	3,760	6,557
Freight/ Postage	2,501	7,787
Honoraria	2,700	6,300
Interest and bank charges	535	1,013
Materials and supplies	39,769	8,533
Print/Publication & Distribution	556	1,264
Professional/Contract Services	264,465	223,332
Program delivery costs	-	1,744
Telecommunications	13,177	8,700
Travel and Accommodation	11,793	25,117
Staff Training	6,825	250
	$ 694,218	$ 759,521

Fuel Services Division

Financial Statements

March 31, 2026

Fuel Services Division

Financial Statements

March 31, 2026 **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 Petroleum Products Revolving Fund.

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

Lorne Browne, Director
Fuel Services Division
Yellowknife, Northwest Territories
July 10, 2026

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To the Minister of Infrastructure
Government of the Northwest Territories

Opinion
We have audited the financial statements of the Fuel Services Division Petroleum Products Revolving Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net financial debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2026, and its results of operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 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
July 29, 2026

Chartered Professional Accountants

Fuel Services Division

Statement of Financial Position

March 31,	2026	2025
Financial Assets		
Accounts receivable (note 4)	$ **41,144,100**	$ 12,609,812
Inventory held for resale (note 5)	**46,004,626**	50,007,617
	87,148,726	62,617,429
Financial Liabilities		
Accounts payable and accrued liabilities (note 6)	**8,865,235**	5,437,598
Salaries payable	**232,070**	210,669
Employee future benefits payable (note 7)	**105,106**	83,152
Due to the Government of the Northwest Territories (note 8)	**80,708,871**	58,670,975
	89,911,282	64,402,394
Net Debt	$ **(2,762,556)**	$ (1,784,965)
Non-financial Assets		
Prepaid expenses	**-**	2,714
Accumulated Deficit	$ **(2,762,556)**	$ (1,782,251)

Commitments (note 9)

Approved

Lorne Browne
Director
Fuel Services Division

Renalyn Pascua-Matte,
Comptroller
Fuel Services Division

Fuel Services Division

Statement of Changes in Net Financial Debt

March 31,	2026 Budget	2026 Actual	2025 Actual
Annual surplus (deficit)	$ -	**$ (980,305)**	$ 268,229
Change in prepaid expenses	-	**2,714**	(2,714)
Decrease (increase) in net financial debt	-	**(977,591)**	265,515
Net financial debt, beginning of year	(1,784,965)	**(1,784,965)**	(2,050,480)
Net financial debt, end of year	$ (1,784,965)	**$ (2,762,556)**	$ (1,784,965)

Fuel Services Division

Statement of Operations

March 31,	2026 Budget	**2026 Actual**	2025 Actual
Revenues			
Sales of petroleum products (note 10)	$ 70,000,000	**$ 58,814,081**	$ 58,450,313
Cost of sales			
Cost of goods sold (note 11)	62,050,000	**49,880,105**	49,678,367
Loss due to evaporation	-	**1,378**	809
Commission fees	3,200,000	**4,157,459**	3,509,952
	65,250,000	**54,038,942**	53,189,128
Gross margin	4,750,000	**4,775,139**	5,261,185
Gross margin percentage	6.8 %	**8.1 %**	9.0 %
Expenses			
Bad debts recovery	-	**-**	(285,006)
Contracts and purchased services (note 11)	285,000	**615,923**	530,936
Operating and maintenance	835,000	**1,138,696**	988,842
Office and administration	-	**74,461**	95,667
Salaries, wages and employee benefits	2,500,000	**2,805,972**	2,689,250
Travel	530,000	**471,507**	358,986
Utilities (note 11)	600,000	**648,885**	614,281
	4,750,000	**5,755,444**	4,992,956
Annual surplus before other items	-	**(980,305)**	268,229
Other revenue (expenses)			
Grant contribution - air freight (note 12)	**-**	**-**	1,397,000
Grant-in-kind, Government assets provided at no cost (note 15)	**-**	**4,069,774**	5,209,375
Tangible capital assets - rent expenses (note 15)	**-**	**(1,909,386)**	(1,807,813)
Financing charges (note 15)	**-**	**(2,160,388)**	(3,401,562)
Air freight (note 12)	**-**	**-**	(1,397,000)
	-	**-**	-
Annual surplus	$ -	**$ (980,305)**	$ 268,229

Fuel Services Division

Statement of Accumulated Deficit

March 31,		2026		2025
Accumulated deficit, beginning of year	**$**	**(1,782,251)**	$	(2,050,480)
Annual surplus (deficit)		**(980,305)**		268,229
Accumulated deficit, end of year	**$**	**(2,762,556)**	$	(1,782,251)

Fuel Services Division

Statement of Cash Flows

March 31,	2026	2025
Cash provided by (used for)		
Operating activities		
Annual surplus	**$ (980,305)**	$ 268,229
Change in non-cash working capital items		
Accounts receivable	**(28,534,288)**	33,796,088
Inventory held for resale	**4,002,991**	(467,577)
Accounts payable and accrued liabilities	**3,427,637**	(2,956,220)
Salaries payable	**21,401**	10,793
Employee future benefits payable	**21,954**	17,948
Due to the Government of the Northwest Territories	**22,037,896**	(30,666,547)
Prepaid expenses	**2,714**	(2,714)
Cash, beginning and end of year	**$ -**	$ -

1. Authority and Operations

Petroleum Products 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.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the *Act*, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed $3,000,000 (2025 - $3,000,000) at the end of the fiscal year. The balance in the Stabilization Fund at March 31, 2026 is a deficit of $2,762,556 (2025 - deficit of $1,782,251).

2. 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 ("PSAB") of Canada. The significant accounting policies used are as follows;

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of inventory cost and valuation, assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Items requiring the use of significant estimates are allowance for doubtful accounts, inventory value, cost of goods sold, tangible capital assets - rent expense and grant-in-kind. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Significant accounting policies (continued)

(b) Tangible capital assets

Tangible capital assets are the property of the Government and accordingly are not reported in the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as a rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 15.

(c) Financing charges

Financing charges for the use of working capital provided by the Government are estimated based upon a rolling monthly average prime corporate interest plus 0.35% per annum as described in Note 15.

(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) Asset retirement obligations

An asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability is recognized when the following criteria are met as at the financial statements date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and,
- a reasonable estimate of the amount can be made.

Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the remeasurement and whether the asset remains in productive use.

The estimate of a liability includes costs directly attributable to asset retirement activities. Costs includes post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimate would include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The carrying amount of a liability for an asset retirement obligation is estimated at each financial reporting date.

As of March 31, 2026 the Fund does not own any tangible capital assets and therefore has no asset retirement obligations to report.

2. Significant accounting policies (continued)

(f) 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 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.

(g) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Superannuation Plan (the "Plan) administered by the Government of Canada. The Fund's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Fund is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Plan.

Pension benefits to eligible employees of the Fund are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognised net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Plan. The Fund and the employees contribute to the cost of the Plan. During the year the Fund contributed $171,006 (2025 - $178,234) to the Plan which was recognized as an expense while employees contributed $179,184 (2025 - $178,013). These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies, if any, of the Plan.

2. Significant accounting policies (continued)

(h) Inventory

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

(i) Revenue recognition

Revenue from the sale of petroleum products is recognized when the fuel is dispensed or delivered to the customers. The customer assumes all risks of ownership and the collection of any amounts receivable is considered probable.

Grant contribution revenue is recognized when the funds are received or become receivable.

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.

(k) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

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.

Unallocated costs for services the Fund would be required to purchase if not provided by the Government are recorded at the carrying amount in the statement of operations when a reasonable estimate of the amount can be made. These unallocated costs are recognized in revenues and expenses.

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 make a reasonable estimate for them.

2. Significant accounting policies (continued)

(l) 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 (m).

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

Departments
- Department of Education, Culture and Employment
- Department of Environment and Climate Change
- 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 Municipal and Community Affairs

Boards and Agencies
- Arctic Energy Alliance
- Aurora College
- Education Authorities
- Hay River Health and Social Services Authority
- Housing NWT
- Inuvialuit Water Board
- Marine Transportation Services - Revolving Fund
- Northwest Territories Environmental Studies Research Fund
- Northwest Territories Health and Social Services Authority
- Northwest Territories Heritage Fund
- Northwest Territories Human Rights Commission
- Northwest Territories Liquor and Cannabis Commission
- Northwest Territories Power Corporation
- NWT Liquor Licensing Board
- NWT Surface Rights Board
- Physical Activity, Sport and Recreation Fund
- Prosper NWT
- Status of Women Council of the NWT
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission

The Fund enters into transactions with these entities in the normal course of business, with the exception of sales to the Northwest Territories Power Corporation. In accordance with an agreement with the Government, the Northwest Territories Power Corporation is charged the cost of petroleum products consumed.

2. Significant accounting policies (continued)

(m) 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. 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. Future changes to significant accounting policies

a) The Conceptual Framework for Financial Reporting in the Public Sector

The PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives.

The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.

b) Financial Statement Presentation, PS 1202

Section PS 1202 "Financial Statement Presentation", will replace the existing Financial Statement Presentation section PS 1200. The new standard will relocate the calculation of net financial liabilities (formerly known as "net debt") to its own statement, introducing two categories of liabilities: financial and non-financial. The new standard will restructure the statement to present assets, followed by liabilities, followed by new assets or new liabilities.

This section will apply to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. PS 1202 is applied prospectively.

4. Accounts receivable

	Balance	Allowance	**2026**
Non-Government	$ 2,908,465	$ 23,442	$ 2,885,023
Government of Canada	43,517	-	43,517
Government of the Northwest Territories			
Boards and Agencies			
Education Authorities	6,413	-	6,413
Northwest Territories Health and Social Services Authority	6,423	-	6,423
Housing NWT	1,984,328	-	1,984,328
Northwest Territories Power Corporation	33,439,506	-	33,439,506
Tlicho Community Services Agency	9,358	-	9,358
Departments			
Education, Culture and Employment	67,624	-	67,624
Environment and Climate Change	2,494	-	2,494
Infrastructure	272,470	-	272,470
Finance	1,518	-	1,518
Local (Municipalities, Community Governments)	2,428,710	3,284	2,425,426
	$ 41,170,826	**$ 26,726**	**$ 41,144,100**

	Balance	Allowance	2025
Non-Government	$ 2,701,210	$ 25,757	$ 2,675,453
Government of Canada	48,466	969	47,497
Government of the Northwest Territories			
Boards and Agencies			
Education Authorities	9,575	-	9,575
Northwest Territories Health and Social Services Authority	6,353	-	6,353
Housing NWT	1,756,467	-	1,756,467
Northwest Territories Power Corporation	5,369,755	-	5,369,755
Tlicho Community Services Agency	10,213	-	10,213
Departments			
Education, Culture and Employment	23,660	-	23,660
Environment and Climate Change	1,079	-	1,079
Infrastructure	359,694	-	359,694
Local (Municipalities, Community Governments)	2,350,066	-	2,350,066
	$ 12,636,538	$ 26,726	$ 12,609,812

5. Inventory for resale

	2026	2025
Diesel	$ 36,262,975	$ 40,292,591
Gasoline	6,047,512	5,990,586
Jet A1	3,517,346	3,518,007
Naphtha	176,793	206,433
	$ 46,004,626	$ 50,007,617

An inventory write-down of $1,378 (2025 - $809) 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.

6. Accounts payable and accrued liabilities

	2026	2025
Non-Government trade accounts payable	$ 8,376,533	$ 5,042,341
Government of Canada - Federal excise tax	55,496	50,260
Government of Canada - Goods and services tax	344,489	254,608
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	88,717	90,389
	$ 8,865,235	$ 5,437,598

7. Employee future benefits payable

Other Employee Future Benefits and Compensated Absences

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

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

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

Valuation results

The last actuarial valuation was completed as at February 12, 2025. The results were extrapolated to March 31, 2026. The effective date of the next actuarial valuation is March 31, 2026. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Fund.

Changes in Liability	Severance and Removal	Compensated Absences	2026	2025
Accrued benefit obligation, beginning of year	$ 140,885	$ 27,828	$ 168,713	$ 132,213
Benefits earned	3,567	1,481	5,048	6,798
Interest	5,453	1,163	6,616	6,596
Benefits paid	-	(4,502)	(4,502)	(5,260)
Actuarial (gains)/losses	(37,424)	(621)	(38,045)	28,365
Accrued benefit obligation, end of year	112,481	25,349	137,830	168,712
Unamortized net actuarial loss	(21,668)	(11,056)	(32,724)	(85,560)
Accrued benefit liability	**$ 90,813**	**$ 14,293**	**$ 105,106**	$ 83,152

7. Employee future benefits payable (continued)

Benefits expense

	Severance and Removal	Compensated Absences	**2026**	2025
Current service cost	$ 3,567	$ 1,481	$ 5,048	$ 6,798
Interest cost	5,453	1,163	6,616	6,596
Amortization of net actuarial loss	11,575	3,213	14,788	9,815
	$ 20,595	**$ 5,857**	**$ 26,452**	$ 23,209

The discount rate used in the 2026 fiscal year to determine the accrued benefit obligation is an average of 4.7% (2025 - 4.3%). The expected payments during the next five fiscal years are as follow:

	Severance and Removal	Compensated Absences	Total
2027	$ 27,026	$ 4,662	$ 31,688
2028	19,725	3,771	23,496
2029	18,494	3,635	22,129
2030	16,677	3,221	19,898
2031	4,891	1,606	6,497
Subsequent 5 years	29,075	9,796	38,871
	$ 115,888	**$ 26,691**	**$ 142,579**

8. 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:

	2026	2025
Balance, beginning of year	$ 58,670,975	$ 89,337,522
Payments made by the Government of the Northwest Territories		
Purchases of petroleum products	45,877,113	50,145,943
Other cash disbursements	6,652,523	11,744,133
Cash paid to the Government of the Northwest Territories	(30,491,740)	(92,556,624)
	$ 80,708,871	$ 58,670,975

9. Commitments

Fuel resupply contracts

The Fund has entered into agreements with Imperial Oil Limited, Midnight Petroleum Ltd., Glencore Ltd., AFD Petroleum Ltd. and Arctic Petroleum Services Ltd. for the supply and transporting bulk petroleum to communities accessible by marine barge or road tanker truck. These agreements have varying termination dates, with the earliest ending in September 2026 and the last in November 2028.

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 $59,470,500 (2025 - $41,982,358) and estimated commitment by years is as follows:

2027	$ 27,495,600
2028	17,425,000
2029	14,549,900
	$ 59,470,500

10. Sales of petroleum products

	2026	2025
Non-Government	$ 13,089,508	$ 11,980,845
Government of Canada	145,629	132,673
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	33,971	33,581
Northwest Territories Health and Social Services Authority	55,308	56,375
Housing NWT	4,580,493	4,282,100
Northwest Territories Power Corporation	29,118,639	31,584,269
Tlicho Community Services Agency	28,651	20,757
Departments		
Education, Culture and Employment	1,150,610	1,172,438
Environment and Climate Change	16,699	19,074
Infrastructure	2,770,049	2,658,731
Municipality and Community Affairs	-	-
Marine Transportation Services - Revolving fund	1,732,719	469,644
Local (Municipalities, Community Governments)	6,091,805	6,039,826
	$ 58,814,081	$ 58,450,313

11. Related party transactions

Significant expenses incurred from related parties are as follows:

	2026	2025
Government of the Northwest Territories		
Marine Transportation Services - Revolving Fund		
Cost of goods sold	$ 7,004,413	$ 5,934,693
Marine Transportation Services - Revolving Fund		
Travel	17,078	33,342
Department of Infrastructure		
Contracts and purchased services - Equipment maintenance	72,968	2,698
Northwest Territories Power Corporation		
Utilities	665,403	594,399
Department of Finance		
Contracts and purchased services - Insurance	197,429	206,368
	$ 7,957,291	$ 6,771,500

12. Grant contribution - air freight

Prior year had a one-time grant of $1,397,000 received from the Government to cover the cost of airlifting cargo and fuel supplies to Fort Good Hope during the 2024 forest wildfire. No such grants in current year.

13. Budget information

The budget figures are from the 2025-2026 Main Estimate Information Item presented to the Legislative Assembly of the Northwest Territories.

14. Comparative figures

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

15. Grant in kind

Financing charges
Management estimated that the Fund required up to $81 million (2025 - $59 million) in working capital with an estimated annual financing cost of $2,160,388 (2025 - $3,401,562).

Tangible capital assets - rent expenses
Tangible capital assets, i.e. fuel storage facilities and fuel delivery vehicles, are owned by the Government. Tangible capital assets used by the find 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	**2026**	2025
Fuel storage facilities	$ 62,641,828	$ 38,413,024	$ 24,228,804	$ 25,376,280
Fuel delivery vehicles	5,333,222	3,591,776	1,741,446	1,863,491
Construction in process	2,940,540	-	2,940,540	2,918,566
Buildings	561,513	225,410	336,103	350,138
	$ 71,477,103	$ 42,230,210	**$ 29,246,893**	$ 30,508,475

Rent expense for 2026 is $1,909,386 (2025 - $1,807,813).

16. 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) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates.

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

16. Risk management (continued)

(b) 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 $41,144,100 (2025 - $12,609,812). The risk has decreased from the prior year.

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, 2026, receivables from one customer comprised 82% of the total outstanding accounts receivables (2025 - 89% from one customer). The Fund reduces this risk by monitoring overdue balances.

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

At March 31, 2026, the following accounts receivable were past due:

	31-60 days	61-90 days	91+ days	Total
Accounts receivable	$ 8,350,711	$ 5,752,983	$ 20,454,922	$ 34,558,616
Allowance for doubtful accounts	-	-	(26,726)	(26,726)
	$ 8,350,711	$ 5,752,983	$ 20,428,196	$ 34,531,890

(c) 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 $89,806,176 (2025 - $64,319,242). 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.

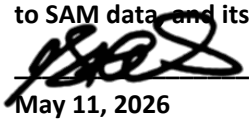
Fur Marketing Service Revolving Fund

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)

	2025/26 Actuals	2025/26 Revised Estimates	2025/26 Main Estimates	2024/25 Actuals
Authorized Limit	**1,500**	**1,500**	**1,500**	**1,500**
Opening Accounts Receivable	1,047	1,047	632	998
Advances to Trappers	366	800	430	897
Repayment of Fur Account Loans	(366)	(356)	(394)	(848)
Closing Accounts Receivable	**1,047**	**1,491**	**668**	**1,047**
Cash	(1,437)			**(1,523)**
Other Asset Accounts	3			**3**
Asset (Liability) Accounts	963			**678**
Clearing Accounts	68			**68**
Closing Balance Fund 12	**644**			**273**
Authorized limit	**1,500**			**1,500**

The information provided within this working paper addresses all requirements of YE Directive #50 with regards to content, format, completeness, analysis and reconciliation to SAM data and its due date of May 12th, 2026.



Jessica St.Arnaud, DFA

May 11, 2026

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Financial Statements

March 31, 2026

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Financial Statements

March 31, 2026 **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.



Terry Camsell, Director
Marine Transportation Services Revolving Fund
Hay River, Northwest Territories
June 29, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Marine Transportation Services Revolving Fund

Qualified Opinion

We have audited the financial statements of Marine Transportation Services Revolving Fund (the Fund), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in accumulated surplus (deficit), changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Fund are administrated by the Government of the Northwest Territories and audited as part of the Government of the Northwest Territories' audit. These balances are excluded from the scope of our audit. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenses for the year ended March 31, 2025 and payroll liabilities, employee future benefits, net financial resources, and accumulated surplus (deficit) as at March 31, 2025 as well as the associated note disclosures.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Hay River, Northwest Territories

Ashton Chartered Professional Accountants

Marine Transportation Services — Statement I
(Marine Transportation Services Revolving Fund)

Statement of Financial Position

March 31,	2026	2025
Financial Assets		
Accounts receivable (note 4)	$ **3,648,938**	$ 2,583,813
Due from Government of the Northwest Territories - Revolving fund (note 5)	**3,652,747**	-
	7,301,685	2,583,813
Liabilities		
Bank indebtedness (note 6)	**49,422,775**	39,150,199
Accounts payable and accrued liabilities (note 7)	**2,220,859**	1,447,353
Employee future benefits (note 8)	**53,676**	37,783
Contractual repayment obligation (note 9)	**11,676,231**	12,926,231
Due to Government of the Northwest Territories - long-term loan (note 10)	**-**	2,668,109
Net financial debt	**(56,071,856)**	(53,645,862)
Non-financial assets		
Tangible capital assets (note 11)	**53,805,206**	51,345,254
Prepaid expenses and deposits (note 12)	**200,472**	195,668
Inventory (note 13)	**2,066,178**	2,104,940
	56,071,856	53,645,862
Surplus (deficit)	$ -	$ -

Contributed capital (note 14)

Approved:

Director
Marine Transportation Services

Comptroller
Marine Transportation Services

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement II

Statement of Changes in Net Financial Debt

For the year ended March 31,	2026 Budget	2026 Actual	2025 Actual
Net financial debt, beginning of year	**$ (53,645,862)**	**$ (53,645,862)**	$ (52,224,347)
Deficiency of revenues over expenses	**-**	**-**	-
Amortization	**4,506,937**	**4,383,614**	4,095,887
Loss on sale of tangible capital assets	**-**	**-**	152,083
(Acquisition) use of prepaid expenses	**-**	**(4,804)**	130,548
Consumption of inventories	**-**	**38,762**	44,967
Purchase of tangible capital assets	**(2,575,000)**	**(6,843,566)**	(5,915,000)
Proceeds from sale of tangible capital assets	**-**	**-**	70,000
Change in net financial debt	**1,931,937**	**(2,425,994)**	(1,421,515)
Net financial debt, end of year	**$ (51,713,925)**	**$ (56,071,856)**	$ (53,645,862)

Statement of Operations

For the year ended March 31,	2026 Budget	2026 Actual	2025 Actual
Revenues			
Cargo delivery revenue	**$ 1,768,695**	**$ 2,662,681**	$ 1,631,532
Fuel delivery revenue	**6,074,880**	**9,076,754**	6,558,600
Fuel sales	**-**	**3,371,862**	-
Shipyard services	**1,200,000**	**2,535,514**	4,776,686
Charter revenue	**7,582,913**	**12,859,108**	5,454,803
Rental and other revenue	**305,535**	**1,281,097**	2,056,379
	16,932,023	**31,787,016**	20,478,000
Expenses (note 15)			
Fuel cost of sales	**-**	**3,287,544**	-
Maintenance	**7,609,094**	**8,120,907**	9,912,913
Marine operations	**9,390,965**	**14,049,107**	12,328,222
Shipyard service	**900,000**	**1,371,168**	2,028,147
Terminal operations	**2,836,519**	**4,681,942**	3,912,219
General and administrative	**3,793,575**	**4,901,045**	3,444,308
	24,530,153	**36,411,713**	31,625,809
Deficiency of revenue over expenses before other expenses and items	**(7,598,130)**	**(4,624,697)**	(11,147,809)
Other expenses			
Amortization	**4,506,937**	**4,383,614**	4,095,887
Finance charges (note 16)	**66,403**	**66,403**	516,682
Loss on sale of tangible capital assets	**-**	**-**	152,083
	4,573,340	**4,450,017**	4,764,652
Deficiency of revenue over expenses before other item	**(12,171,470)**	**(9,074,714)**	(15,912,461)
Other item			
Grant contributions (note 17)	**12,171,470**	**9,074,714**	15,912,461
Deficiency of revenue over expenses	**$ -**	**$ -**	$ -

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement IV

Statement of Accumulated Surplus (Deficit)

For the year ended March 31,	2026	2025
Accumulated surplus (deficit), beginning of year	**$ -**	$ -
Excess (deficiency) of revenue over expenses	**-**	-
Accumulated surplus (deficit), end of year	**$ -**	$ -

Statement of Cash Flows

For the year ended March 31,	2026	2025
Cash provided by (used for)		
Operating activities		
Deficiency of revenues over expenses	**$ -**	$ -
Items not affecting cash		
Amortization	**4,383,614**	4,095,887
Finance charges	**66,403**	516,682
Loss on sale of tangible capital assets	**-**	152,083
	4,450,017	4,764,652
Changes in non-cash working capital items		
Accounts receivable	**(1,065,125)**	2,437,705
Accounts payable and accrued liabilities	**773,506**	(1,260,965)
Employee future benefits	**15,893**	16,723
Inventory	**38,762**	44,967
Prepaid expenses and deposits	**(4,804)**	130,548
	4,208,249	6,133,630
Financing activities		
Payments to Government of the Northwest Territories	**(6,387,259)**	(13,500,635)
Repayment of contractual repayment obligation	**(1,250,000)**	-
	(7,637,259)	(13,500,635)
Investing activity		
Purchase of tangible capital assets	**(6,843,566)**	(5,915,000)
Proceeds from sale of tangible capital assets	**-**	70,000
	(6,843,566)	(5,845,000)
Decrease in cash	**(10,272,576)**	(13,212,005)
Cash (bank indebtedness), beginning of year	**(39,150,199)**	(25,938,194)
Cash (bank indebtedness), end of year	**$ (49,422,775)**	$ (39,150,199)

1. Nature of operations

Marine Transportation Services Revolving Fund (the Fund) was established on June 2, 2017 after the closure of the Northern Transportation Company Limited (NTCL) in December 2016. The Fund was established with the main purpose of meeting the capital, operating and maintenance requirements of providing marine transportation services for the movement of cargo to communities on Great Slave Lake, the Mackenzie River and throughout the Arctic coastal region.

Under the Government of the Northwest Territories *Revolving Funds Act* (the "*Act"*), the Fund can receive working capital advances from the Consolidated Revenue Fund (CRF) to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities, is $35 million. There is no limit for instances where liabilities may exceed assets. The balance of the Fund is reported as due to or from the Government of the Northwest Territories (the "GNWT") on the statement of financial position.

2. Significant accounting policies

The Fund follows Canadian Public Sector Accounting Standards (PSAS) generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Revenue recognition

Revenue is recognized when it is probable that all economic benefits will flow to the Fund and delivery of service has occurred, or when the price is fixed or determinable and when collectability is reasonably assured.

Fuel sales revenue is recognized in the period in which the fuel is delivered to the customer premises. Revenue is recognized on the actual volume of fuel delivered at predetermined rates between the Fund and the customer, and when all discharge documents have been acknowledged and signed by the customer.

Cargo and fuel delivery revenue is recognized in the period when the Fund fulfills delivery requirements and when both fuel and cargo have been delivered at the customer premises and all discharge documents acknowledged and signed by the customer. Both fuel and cargo delivery rates are pre-determined.

Charter revenue is recognized when there is use of the Fund's vessels for a specified period of time under specified conditions at pre-determined prices. Revenue is recognized in the period when the Fund provides the required vessels to the customer as specified in the contract.

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

Grant contribution revenue is recognized when the funds are receivable or become receivable under the agreement signed between the Government of Canada, the Government of the Northwest Territories and the Fund.

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

2. Significant accounting policies (continued)

(b) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(c) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entitles and Government departments.

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

(d) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are recognized in the statement of operations in the period in which they become known. Actual results could differ from these estimates.

(e) Financial instruments

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

This category includes cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

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

(f) Cash and bank indebtedness

The Fund maintains an account with the Royal Bank of Canada. All funds received are recorded and banked to this account. All payments made are recorded to this account with exception of payments made directly by the Government of the Northwest Territories on behalf of the Fund. Payments made by the Government of the Northwest Territories are recorded on the revolving fund loan account with the Government of the Northwest Territories. The balance in the financial statements reflects the Fund's cash and bank indebtedness by the end of the year.

(g) Inventory

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

(h) Employee future benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are recognized as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff.

2. Significant accounting policies (continued)

(h) Employee future benefits (continued)

Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(i) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (e).

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

The Fund enters into transactions with these entities in the normal course of business at specified market rates, except for transactions with the Fuel Services Division (“FSD”) of the Department of Infrastructure. Fuel deliveries to FSD are billed at rates determined by Fund management and communicated to FSD management.

Departments

- Department of Education, Culture and Employment
- Department of Environment and Climate Change
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs
- Legislative Assembly

Boards and Agencies

- Arctic Energy Alliance
- Aurora College
- Education Authorities
- Health and Social Services Authority
- Inuvialuit Water Board
- Northwest Territories Energy Corporation
- Northwest Territories Heritage Fund
- Northwest Territories Power Corporation

2. Significant accounting policies (continued)

(i) Related parties (continued)

Boards and Agencies (continued)

NWT Business Development & Investment Corporation
NWT Environmental Studies Research Fund
NWT Housing Corporation
NWT Human Rights Commission
NWT Liquor and Cannabis Commission
NWT Liquor Licensing Board
NWT Surface Rights Board
Stanton Foundation
Status of Women Council of the NWT
Tlicho Community Services Agency
Workers' Safety and Compensation Commission

(j) Tangible capital assets

Tangible capital assets are accounted for at cost. Amortization is based on their useful life using the straight-line methods.

Machinery and equipment	15 years Straight-line
Vessels and barges	12.5 and 55 years Straight-line

Self-constructed assets: cost includes expenditure on materials, direct labour and allocated proportion of project overheads. Any gain or loss on disposal or retirement of a tangible asset is determined as the difference between proceeds from disposal and the carrying amount of the asset and is recognized 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. Previously acquired marine assets are amortized over 12.5 years, barges acquired after 2016 are amortized over 55 years. Additions to existing assets are amortized over the remaining useful life of the assets.

(k) Capital work in progress

Capital work in progress represents capital projects under construction but not completed and are valued at cost. Capital work in progress is accumulated until ready to use.

Amortization is recorded when the asset has been put to use.

2. Significant accounting policies (continued)

(l) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Fund recognizes 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 recognized is accounted for in the period revisions are made.

Government of the Northwest Territories contaminated sites division of the Department of Environment and Natural Resources completed an assessment through a contractor. As of March 31, 2026, there was no liability related to contaminated sites.

(m) Budget

Budget figures are unaudited and are provided for information purposes only.

(n) Services provided by the Government of the Northwest Territories

The Fund does not record the following services provided without charge by the Government of the Northwest Territories: the procurement of goods and services, administration of insurance and risk management, the processing of payroll, legal counsel, record storage and computer operations and internal audit services, as it is difficult to estimate them.

3. Future changes to significant accounting policies

Financial Statement Presentation, Section PS 1202

This section is effective for fiscal years beginning on or after April 1, 2026. This section sets out general and specific requirements for the presentation of information in general purpose financial statements. It provides general guidance on the recognition of certain items. The financial statement presentation principles are based on the concepts in the Conceptual Framework.

The impact of the transition to this accounting standard, if any, has not yet been determined.

3. Future changes to significant accounting policies (continued)

The Conceptual Framework for Financial Reporting in the Public Sector

This section is effective for fiscal years beginning on or after April 1, 2026. This section sets out a coherent set of interrelated concepts underlying accounting and financial reporting standards. It prescribes the nature, function and limits of financial accounting and reporting.

The impact of the transition to this framework, if any, has not yet been determined**.**

4. Accounts receivable

		2026		2025
Customer receivable	**$**	**2,460,465**	$	2,406,454
Government of Canada				
Fisheries and Oceans		**1,615,275**		639,313
Government of the Northwest Territories				
Northwest Territories Housing Corporation		**4,789**		-
Northwest Territories Health and Social Services Authorities		**3,032**		-
Department of Infrastructure		**2,852**		-
Department of Industry, Tourism and Investment		**-**		650
Department of Health and Social Services		**-**		234
		4,086,413		3,046,651
Less: Allowance for doubtful accounts		**437,475**		462,838
	$	**3,648,938**	$	2,583,813

5. Due from Government of the Northwest Territories – Revolving fund

Under the *Revolving Funds Act* (the "*Act*"), the Fund is authorized to receive working capital advances from the Government of the Northwest Territories to finance the Fund's capital, operating and maintenance requirements.

During the year, grant contributions received from the Government of the Northwest Territories exceeded expenditures paid by the Government of the Northwest Territories under the revolving fund arrangement. As a result, the Fund reported a net amount due from the Government of the Northwest Territories - Revolving fund of $3,652,747 as at March 31, 2026 (2025- $nil).

No interest charged to the Fund during the year (2025- $428,940).

6. Bank indebtedness

The Funds bank account is one of numerous Government of the Northwest Territories accounts included in a consolidated balance arrangement with the Royal Bank of Canada. There are no fixed repayment terms and the overdraft limits are negotiated based on the forecasted cash flows and borrowing requirements of the Government of the Northwest Territories. The Government of the Northwest Territories does not pay out or recover interest from the Fund.

7. Accounts payable and accrued liabilities

		2026		2025
Trade accounts payable and accrued liabilities	**$**	**1,632,972**	$	1,361,964
Government of Canada				
Goods and service tax		**391,408**		69,363
Government of the Northwest Territories				
Department of Infrastructure - Fuel Services Division		**134,232**		-
Northwest Territories Power Corporation		**62,247**		-
Department of Infrastructure		**-**		13,833
Department of Finance - Carbon tax		**-**		1,539
Department of Finance - Petroleum tax		**-**		654
	$	**2,220,859**	$	1,447,353

8. Employee future benefits

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

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

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

8. Employee future benefits (continued)

Valuation results

The last actuarial valuation was completed as at February 12, 2025. The results were extrapolated to March 31, 2026. The effective date of the next actuarial valuation is March 31, 2028. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Marine Transportation Services Revolving Fund.

		2026		2025
Accrued benefit obligation, beginning of year	**$**	**68,464**	$	73,058
Benefits earned		**4,328**		4,149
Interest		**2,978**		3,794
Benefit paid		**(2,083)**		(2,808)
Actuarial gain		**(6,509)**		(9,729)
Accrued benefit obligation, end of year		**67,178**		68,464
Unamortized net actuarial loss		**(13,502)**		(30,681)
Employee future benefit liability, end of year	**$**	**53,676**	$	37,783

The discount rate used in the 2026 fiscal year to determine the accrued benefit obligation was an average of 4.7% (2025 – 4.3%).

		2026		**2025**
Benefits Expense				
Current service cost		**4,328**		4,149
Interest cost		**2,978**		3,794
Amortization of net actuarial loss		**10,670**		11,588
	$	**17,976**	$	19,531

8. Employee future benefits (continued)

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

		Total
2027	$	9,145
2028		15,421
2029		10,512
2030		8,339
2031		6,706
Total	**$**	**50,123**

9. Contractual repayment obligation

The Fund has a contractual repayment obligation to a customer arising from historical fuel pricing differences under a fuel supply agreement. The obligation is non-interest bearing and repayable over a period expected to exceed several years. Annual payments are determined based on a contractual calculation and are subject to a minimum annual repayment amount.

The current portion represents the minimum amount expected to be repaid within the next fiscal year. The remaining balance is classified as long-term. Actual repayment amounts may exceed the minimum annual repayment amounts and, accordingly, the obligation may be settled earlier than reflected in the repayment schedule below.

		2026		2025
Contractual repayment obligation - current portion	**$**	**1,250,000**	$	1,250,000
Contractual repayment obligation - long-term portion		**10,426,231**		11,676,231
	$	**11,676,231**	$	12,926,231

Contractual minimum repayments are as follows:		
2027	$	1,250,000
2028		1,250,000
2029		1,250,000
2030		1,250,000
2031		1,250,000
Subsequent years		5,426,231
	$	**11,676,231**

10. Due to Government of the Northwest Territories – long-term loan

The GNWT purchased assets from NTCL at a cost of $11,300,000 in 2017. The assets comprised tangible capital assets worth $10,656,509 and controllable assets of $643,491. A repayment plan was established based on the loan amount of $11,300,000.

The long-term loan bore interest at 1.84% per annum. During the year, financing charges of $66,403 (2025 - $87,742) were recognized.

The Fund made payments of $2,668,109 (2025 - $7,592,329) toward the long-term loan and fully repaid the outstanding balance during in the year.

11. Tangible capital assets

For the year ended March 31,	Land	Vessels and barges	Machinery and equipment	Capital work in progress	**2026 Total**	2025 Total
Cost						
Balance, beginning of the year	$ 2,212,843	$ 56,865,526	$ 3,396,282	$ 5,025,326	**$ 67,499,977**	$ 61,807,060
Additions during the year	-	3,875,173	-	6,843,566	**10,718,739**	7,788,199
Disposals during the year	-	-	-	-	**-**	(222,083)
Capitalized from capital work in progress	-	-	-	(3,875,173)	**(3,875,173)**	(1,873,199)
Balance, end of year	**2,212,843**	**60,740,699**	**3,396,282**	**7,993,719**	**74,343,543**	67,499,977
Accumulated amortization						
Balance, beginning of the year	-	15,342,310	812,413	-	**16,154,723**	12,058,836
Annual amortization	-	4,148,083	235,531	-	**4,383,614**	4,095,887
Balance, end of year	**-**	**19,490,393**	**1,047,944**	**-**	**20,538,337**	16,154,723
Net book value	**$ 2,212,843**	**$ 41,250,306**	**$ 2,348,338**	**$ 7,993,719**	**$ 53,805,206**	$ 51,345,254

12. Prepaid expenses and deposits

	2026	2025
Insurance	**$ 200,472**	$ 195,668
	$ 200,472	$ 195,668

13. Inventory

		2026		2025
Fuel	$	**1,694,230**	$	1,575,826
Parts and supplies		**371,948**		529,114
	$	**2,066,178**	$	2,104,940

14. Contributed capital

The Fund recognized grant contribution from the Government of the 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, 2026 the Government of the Northwest Territories made accumulated contributions of $56,960,942 (2025 - $47,952,631).

15. Expenses

	Fuel cost of sales	Maintenance	Marine operations	Shipyard service	Terminal operations	General and administrative	2026 Actual
Wages and benefits	$ -	$ 7,391,431	$ 9,449,685	$ -	$ 2,702,699	$ 2,185,555	**$ 21,729,370**
Fuel cost of sales	3,287,544	-	-	-	-	-	**3,287,544**
Insurance	-	269,634	1,170,893	-	287,196	-	**1,727,723**
Fuel consumption	-	161,666	1,085,630	-	92,049	-	**1,339,345**
Shipyard service cost of sales	-	-	-	1,371,168	-	-	**1,371,168**
Other	-	298,176	2,342,901	-	1,599,998	2,715,490	**6,956,565**
	$ 3,287,544	**$ 8,120,907**	**$ 14,049,109**	**$ 1,371,168**	**$ 4,681,942**	**$ 4,901,045**	**$ 36,411,715**

16. Financing charges

		2026		2025
Interest on long-term loan - due to Government of the Northwest Territories	$	**66,403**	$	87,742
Interest on revolving fund - due to Government of the Northwest Territories		**-**		428,940
	$	**66,403**	$	516,682

17. Grant contributions

		2026		2025
Government of the Northwest Territories - Department of Infrastructure				
Operating losses	**$**	**9,008,311**	$	15,395,779
Finance charges		**66,403**		516,682
	$	**9,074,714**	$	15,912,461

18. Related party transactions

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

		2026		2025
Revenue				
Government of the Northwest Territories				
Department of Infrastructure - Fuel Services Division	**$**	**7,021,491**	$	5,958,207
Northwest Territories Power Corporation		**44,598**		133,367
Department of Environment and Climate Change		**36,286**		86,650
Department of Infrastructure		**33,045**		2,365,648
NWT Housing Corporation		**11,458**		14,399
Department of Finance		**7,536**		-
Lutsel K'e Housing Authority		**5,632**		2,386
Northwest Territories Health and Social Services Authorities		**3,243**		16,802
Tulita Housing Association		**1,745**		-
Department of Infrastructure - Yellowknife Airport Revolving Fund		**-**		40,221
Northwest Territories Energy Corporation		**-**		7,611
	$	**7,165,034**	$	8,625,291
Expenses				
Government of the Northwest Territories				
Department of Infrastructure - Fuel Services Division	**$**	**1,921,453**	$	585,807
Northwest Territories Power Corporation		**620,448**		110,580
Department of Infrastructure		**67,236**		43,920
Department of Finance		**46,692**		206,939
	$	**2,655,829**	$	947,246

Accounts receivable from related parties are disclosed in note 4.
Accounts payable and accrued liabilities to related parties are disclosed in note 7.
Finance charges are disclosed in note 16.
Grant contributions are disclosed in note 17.

19. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below.

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide Information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

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

Credit risk related to accounts receivable is mitigated by internal controls as well as 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 $3,648,938 (2025 - $2,583,813). At March 31, 2026, the Fund's management has determined that $437,475 (2025 - $462,838) 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, 2026, receivables from three customers comprised 96% (2025 – 97%) of the total outstanding accounts receivables. The risk is considered low since these receivables are from customers who are considered creditworthy by the Fund management. The Fund reduces this risk by monitoring overdue balances.

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

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows and utilizing the overdraft availability on the Funds bank account to cover unexpected cash outflow should they arise.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of $63,373,541 (2025 - $56,229,675). Financial liabilities consist of bank indebtedness, accounts payable and accrued liabilities, employee future benefits, due to the Government of the Northwest Territories - Revolving fund and due to the Government of the Northwest Territories – long-term loan. All financial liabilities with the exception of the contractual repayment obligation, are considered current and mature within 6 months.

19. Risk management (continued)

(b) Liquidity risk (continued)

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 the Northwest Territories – Revolving fund liability, which is variable based on the Bank of Canada prime rate. This exposure may have an effect on its earnings in future periods. The Fund reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. The Fund does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the Fund's exposure to interest rate is low and 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.

20. Comparative figures

Where necessary, comparative figures have been adjusted to conform with current year presentation.

Northwest Territories Liquor & Cannabis Commission

Financial Statements

Year ended March 31, 2026

Northwest Territories Liquor & Cannabis Commission

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March 31, 2026

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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 the Public Sector Accounting Standards, as recommended by the Public Sector Accounting Standards Board. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Commission complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Commission, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, they also examine transactions that have come to their notice to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.



Kim Wilkins
Director, Liquor & Cannabis Operations
NWT Liquor & Cannabis Commission
July 29, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Ministers of NWT Liquor & Cannabis Commission

Qualified Opinion

We have audited the financial statements of NWT Liquor & Cannabis Commission (the commission), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the commission as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of the Commission's salaries, wages and employee benefits expense for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Commission's records. As a result, we were not able to determine whether any adjustments might be necessary to expenses, liabilities or accumulated surplus.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Ashton

Hay River, Northwest Territories
July 29, 2026

Ashton Chartered Professional Accountants

Northwest Territories Liquor & Cannabis Commission

Statement of Financial Position

As at March 31 ($000)	2026	2025
Financial Assets		
Cash	$ 7,853	$ 9,545
Accounts receivable	89	20
Inventories for resale (note 3)	3,200	2,481
	11,142	12,046
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	5,418	4,751
Pension and other employee benefits (note 4)	41	35
Due to the NWT Liquor Licensing Board (note 5)	183	143
	5,642	4,929
Net Financial Assets	5,500	7,117
Non-Financial Assets		
Tangible capital assets (note 6)	376	329
Prepaid expenses	29	113
	405	442
Accumulated Surplus	$ 5,905	$ 7,559

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

Approved by the Northwest Territories Liquor & Cannabis Commission:



Kim Wilkins
Director, Liquor & Cannabis Operations

Northwest Territories Liquor & Cannabis Commission

Statement of Operations

For the year ended March 31 ($000)	2026 Budget	2026 Actual	2025 Actual
Sales			
Spirits	$ 22,736	$ 22,789	$ 23,514
Wine	6,583	6,771	7,109
Beer	16,713	16,067	16,661
Coolers and ciders	6,675	6,015	5,977
Cannabis	10,000	10,368	10,889
	62,707	62,010	64,150
Cost of goods sold			
Spirits	7,672	7,327	7,411
Wine	3,530	3,283	3,395
Beer	6,544	6,656	7,176
Coolers and ciders	2,769	2,721	2,687
Cannabis	8,500	8,713	9,024
	29,015	28,700	29,693
Gross profit on sales	33,692	33,310	34,457
Other income			
Government contribution - services provided without charge (note 7)	-	1	2
Import fees and income	8	11	7
	8	12	9
Expenses (note 7)			
Commissions to agents	7,583	5,214	7,133
Licensee discounts	508	516	556
Salaries, wages and employee benefits	1,565	1,732	1,489
Administration	711	693	731
Travel	-	47	25
Lease	750	1,693	327
Amortization of tangible capital assets (note 6)	79	79	108
Professional fees	59	53	81
	11,255	10,027	10,450
Annual surplus	$ 22,445	$ 23,295	$ 24,016

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

Northwest Territories Liquor & Cannabis Commission

Statement of Accumulated Surplus

For the year ended March 31 ($000)	2026 Budget	2026 Actual	2025 Actual
Accumulated surplus, beginning of the year	$ 7,559	$ 7,559	$ 6,104
Annual surplus	22,445	23,295	24,016
Amounts transferred to the Consolidated Revenue Fund	(24,334)	(24,334)	(21,950)
Amounts transferred to the NWT Liquor Licensing Board (note 5)	(727)	(615)	(611)
Increase in accumulated surplus	(2,616)	(1,654)	1,455
Accumulated surplus, end of year	$ 4,943	$ 5,905	$ 7,559

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

Northwest Territories Liquor & Cannabis Commission

Statement of Changes in Net Financial Assets

For the year ended March 31 ($000)	2026 Budget	2026 Actual	2025 Actual
Net financial assets, beginning of year	$ 7,117	$ 7,117	$ 5,587
Items affecting net financial assets:			
Increase (decrease) in accumulated surplus	(2,616)	(1,654)	1,455
Net investment in tangible capital assets:			
Acquisitions	-	(126)	(86)
Amortization expense	79	79	108
Decrease (increase) in prepaid expenses	-	84	53
Net financial assets, end of year	$ 4,580	$ 5,500	$ 7,117

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)	2026	2025
Operating activities		
Cash received from customers	$ 61,952	$ 64,957
Cash paid to employees and suppliers	(38,609)	(36,630)
Cash provided by operating activities	23,343	28,327
Capital activities		
Purchase of tangible capital assets	(126)	(86)
Financing activities		
Cash transferred to the Consolidated Revenue Fund	(24,334)	(21,950)
Cash transferred to the NWT Liquor Licensing Board	(575)	(585)
Cash used in financing activities	(24,909)	(22,535)
Change in cash	(1,692)	5,706
Cash, beginning of year	9,545	3,839
Cash, end of year	$ 7,853	$ 9,545

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

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2026 ($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”). Under the Cannabis Products Act, the Commission is also responsible for purchasing, selling, classifying and distributing cannabis in 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, 2026 the Fund’s assets exceeded the liabilities by $5,500 (2025 – $7,117).

Neither the Commission nor the Board is a separate legal entity apart from the Department of Finance of the GNWT, and neither is 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 public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and estimation of the useful life of the tangible capital assets.

2. Significant accounting policies (continued)

(c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Commission and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, excluding rebates, recycling fees, and sales taxes or duties.

The Commission acts as a principal in its sales to consumers through its consignment stores and in its wholesales of cannabis to private stores.. The Commission acts as an agent when manufacturers sell liquor directly to patrons.

Other income includes revenue from administration fees, restocking fees and in-kind income.

(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 as revenues and expenses on 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	5 years, straight line
Computer hardware and software	3 years, straight line
Equipment	10 years, straight line
Leasehold improvements	Over the life of the lease plus any additional renewal period

2. Significant accounting policies (continued)

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

3. Inventories for resale

	2026	2025
Spirits	$ 1,318	$ 1,030
Wine	563	513
Beer	700	637
Coolers and ciders	350	244
Cannabis	269	57
	$ 3,200	$ 2,481

4. Other employee future benefits

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

4. Other employee future benefits (continued)

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

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

Valuation results

The last actuarial valuation was completed as at February 12, 2025. The results were extrapolated to March 31, 2026. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the Commission.

	2026			2025		
	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	$ 30	$ 11	$ 41	$ 69	$ 15	$ 84
Current Service Costs	1	1	2	3	1	4
Actuarial (gain)/loss	(3)	-	(3)	(11)	(4)	(15)
Interest Cost	1	1	2	3	1	4
Benefits paid during the year	-	-	-	(35)	(1)	(36)
Accrued benefit obligation, end of the year	$ 29	$ 13	$ 42	$ 29	$ 12	$ 41
Unamortized net actuarial gain (loss)	6	(7)	(1)	8	(14)	(6)
Accrued benefit (liability)/asset	$ 35	$ 6	$ 41	$ 37	$ (2)	$ 35

4. Other employee future benefits (continued)

	2026	2025
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	4.7%	4.3%
Expected average remaining service life of related employee groups (EARSL)	10.6	10.6

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

2027	$ 3
2028	3
2029	3
2030	3
2031	3
2032 and beyond	29
	$ 44

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	Equipment	Leasehold improvements	2026	2025
Cost:						
Opening balance	$ 169	$ 912	$ 15	$ 925	$ 2,021	$ 1,935
Acquisitions	-	5	3	118	126	86
Disposals and write- downs	-	-	-	-	-	-
Closing balance	169	917	18	1,043	2,147	2,021
Accumulated Amortization:						
Opening balance	(143)	(876)	(1)	(672)	(1,692)	(1,584)
Amortization	(8)	(17)	(2)	(52)	(79)	(108)
Disposals and write-downs	-	-	-	-	-	-
	(151)	(893)	(3)	(724)	(1,771)	(1,692)
Net book value	$ 18	$ 24	$ 15	$ 319	$ 376	$ 329

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 $1,732 (2025 – $1,489) related to salaries, wages, and employee benefits for the Commission's employees. The Commission reimburses the Department of Finance for these costs.

The Department of Justice provides the Commission with legal services without charge. The total cost of these services has been estimated to be $1 (2025 – $2). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities are $128 (2025 – $136) for bottle deposits payable to the Department of Environment and Climate Change, $298 (2025 – $399) for salaries, wages, and employee benefits payable to the Department of Finance, and $2,200 (2025 – $2,500) payable to various other government departments.

8. Contractual obligations

The Commission has lease agreements for office, retail and warehouse premises expiring between 2026 and 2035. Several leases include options to extend for additional terms ranging from four to fifteen years. The minimum annual lease payments for the leases over the next four years are:

2026/27	$ 902
2027/28	$ 815
2028/29	$ 790
2029/30	$ 755

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, and amounts due to the NWT Liquor Licensing Board. It is management's opinion that the Commission is not exposed to significant interest-rate or currency risk 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 values of the financial instruments approximate their fair value.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Financial Statements

Year ended March 31, 2026

Northwest Territories Liquor Licensing Board and Liquor Enforcement

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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 the Public Sector Accounting Standards as recommended by the Public Sector Accounting Standards Board. 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
July 29, 2026

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Business Advisors

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Northwest Territories Liquor Licensing Board and Liquor Enforcement (the organization), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in accumulated deficit, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of the Commission's salaries, wages and employee benefits expense for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Commission's records. As a result, we were not able to determine whether any adjustments might be necessary to expenses, liabilities or accumulated surplus.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Hay River, Northwest Territories
July 29, 2026

Ashton Chartered Professional Accountants

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Financial Position

As at March 31 ($000)	2026	2025
Financial Assets		
Accounts Receivable	$ -	$ -
Due from NWT Liquor & Cannabis Commission (note 3)	183	143
	183	143
Financial Liabilities		
Accounts payable (Note 6)	151	116
Pension and other employee benefits (note 4)	4	
Deferred revenue	28	27
	183	143
Net Financial Assets (debt)	-	-
Non-financial Assets		
Prepaid Expenses	-	-
Accumulated surplus	$ -	$ -

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

Approved by the Northwest Territories Liquor Licensing Board:



Chairperson, Liquor Licensing Board

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Operations

For the year ended March 31 ($000)	2026 Budget	2026 Actual	2025 Actual
Revenue			
License fees and permits	$ 63	$ 47	$ 53
Government contribution - services provided without charge (note 6)	-	3	-
	63	50	53
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	569	489	460
Administration	36	26	28
Travel	20	14	5
Lease	45	39	34
Honoraria	10	4	7
Inspector's fees	70	60	54
Professional fees	30	24	22
Server Training	10	9	54
	790	665	664
Annual loss	$ (727)	$ (615)	$ (611)

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)	2026 Budget	2026 Actual	2025 Actual
Accumulated surplus, beginning of the year	$ -	$ -	$ -
Annual loss	(727)	(615)	(611)
Amounts transferred from the NWT Liquor & Cannabis Commission	727	615	611
Change in accumulated surplus	-	-	-
Accumulated surplus, end of year	$ -	$ -	$ -

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

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Change in Net Debt

For the year ended March 31 ($000)	2026 Budget	2026 Actual	2025 Actual
Net debt, beginning of year	$ -	$ -	$ -
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	-	-
Net debt, end of year	$ -	$ -	$ -

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

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Cash Flow

For the year ended March 31 ($000)	2026	2025
Operating activities		
Cash received from customers	$ 45	$ 54
Cash paid to employees and suppliers	(620)	(639)
Net cash used by operating activities	(575)	(585)
Financing activities		
Cash transferred from the NWT Liquor & Cannabis Commission	575	585
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, 2026 ($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 and Cannabis Commission (the "Commission") provides financial and 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 financial and 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, 2026, the Fund's assets exceeded the liabilities by $5,500 (2025 – $7,117).

Neither the Commission nor the Board is a separate legal entity 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 financial reporting purposes 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 public agency under the Financial Administration Act, 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 Chartered Professional Accountants of Canada. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

(c) Revenue recognition

License fees and permits are recorded in revenue in the year to which the license 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 Board.

2. Significant accounting policies (continued)

(g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The costs of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

3. Due from NWT Liquor and Cannabis Commission

As explained in note 1, the Commission provides financial and administrative support to the Board. The Commission receives all amounts receivable by 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. Other employee future benefits

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

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

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

4. Other employee future benefits (continued)

Valuation results

The last actuarial valuation was completed as at February 12, 2025. The results were extrapolated to March 31, 2026. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the Board.

	2026			2025		
	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	$ 4	$ 1	$ 5	$ 4	$ 2	$ 6
Current Service Costs	-	-	-	-	-	-
Actuarial (gain)/loss	-	-	-	-	(1)	(1)
Interest Cost	-	-	-	-	-	-
Benefits paid during the year	-	-	-	-	-	-
Accrued benefit obligation, end of the year	$ 4	$ 1	$ 5	$ 4	$ 1	$ 5
Unamortized net actuarial gain (loss)	(1)	-	(1)	(2)	(3)	(5)
Accrued benefit (liability)/asset	$ 3	$ 1	$ 4	$ 2	$ (2)	$ -

4. Other employee future benefits (continued)

The actuarial valuation at March 31, 2026 reflects management's best estimate based upon a number of future-oriented assumptions including:

	2026	2025
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	4.7%	4.3%
Expected average remaining service life of related employee groups (EARSL)	10.6	10.6

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

2027	$ -
2028	-
2029	-
2030	-
2031	-
2032 and beyond	2
	$ 2

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		
	2026 Budget	2026 Actual	2025 Actual
Expenses			
Salaries, wages and employee benefits	$ 280	$ 244	$ 223
Inspector's fees	60	60	54
Lease	20	19	19
Travel	15	13	2
Professional fees	15	11	11
Administration	15	13	16
Server Training	10	9	54
	415	369	379
Annual loss	$ (415)	$ (369)	$ (379)

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 $489 (2025 – $460) in salaries, wages and employee benefits for the Board's employees and $4 (2025 – $7) 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 $3 (2025 – $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 $74 (2025 – $87) for salaries, wages, board honoraria, employee benefits including workers' 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, 2026 for its office premises. The minimum lease payment over the remaining term is:

2026/27	$ 3

Annual lease payments for the office premises include estimated operating costs and property taxes.

8. Financial instruments

The Board's financial instruments consist of accounts receivable, cash, due from the NWT Liquor and Cannabis 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 instruments approximate fair value.

PUBLIC STORES REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2026

Unaudited

Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 2026

Public Stores	Balance March 31, 2025	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2026
	$	$	$	$	$	$
Yellowknife	193,978			0	0	193,978
		66,557	(84,089)	0	0	(17,533)
	193,978	**66,557**	**(84,089)**	**0**	**0**	**176,445**

Prepared by: Shamir Siraj

Date May 11, 2026
Finance and Administration Manager (NSRO)

Approved: Jason Carroll

Date May 11, 2026
Regional Superintendent (NSRO)

Yellowknife Airport Revolving Fund

Financial Statements

Year ended March 31, 2026

Yellowknife Airport Revolving Fund
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March 31, 2026

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Management's Responsibility for Financial Reporting

To the Minister of Infrastructure
Government of the Northwest Territories

The accompanying financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgments.

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.



Miranda Bass, CPA, CA
Director, Corporate Services

Yellowknife, Northwest Territories
July 21, 2026

YELLOWKNIFE ACCOUNTING
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Minister of Infrastructure

Government of Northwest Territories

Qualified Opinion

We have audited the accompanying financial statements of Yellowknife Airport Revolving Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2026, 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, 2026, 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, 2026 and March 31, 2025 and payroll liabilities, employee future benefits, net financial assets, and accumulated surplus as at April 1 and March 31 for both the 2026 and 2025 years as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits. The audit opinion on the financial statements for the year ended March 31, 2026, was modified accordingly because of the possible effect of this limitation in scope.

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government of the Northwest Territories ("the Government") Department of Infrastructure and were transferred to the Fund at their carrying amounts at July 1, 2017, excluding runways which were transferred April 1, 2018 and additional capital assets which were identified and transferred April 1, 2019. The tangible capital assets recorded were limited to those assets identified in the Government's accounting records and have not been verified. As such, the tangible capital asset amounts and related amortization expense reported may not be complete. Accordingly, we were not able to determine whether any adjustments might be necessary to tangible capital assets and accumulated surplus as at April 1 and March 31 for both the 2026 and 2025 years and amortization expense and annual surplus for the years ended March 31, 2026 and March 31, 2026. The audit opinion on the financial statements for the year ended March 31, 2026 was modified accordingly because of the possible effect of this limitation in scope.

We were unable to obtain sufficient appropriate audit evidence regarding the opening inventory balance as at April 1, 2025. The inventory records as at March 31, 2025 had not been updated to reflect quantities on hand based on year-end inventory count procedures, and although obsolete inventory had been identified, its value had not been

determined. Accordingly, we were unable to determine whether any adjustments to the opening inventory balance and accumulated surplus as at April 1, 2025, were necessary.

During our audit of the current year, we observed the physical inventory count at March 31, 2026, and obtained sufficient appropriate audit evidence regarding the existence and valuation of the closing inventory balance as at that date. Accordingly, our qualifications do not relate to the inventory balance as at March 31, 2026.
However, because opening inventory enters into the determination of the results of operations and cash flows, we were unable to determine whether adjustments to expenses and cash flows from operating activities for the year ended March 31, 2026, might have been necessary. Our audit opinion on the financial statements for the year ended March 31, 2025, was modified accordingly.

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 Society 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 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.

EPR Yellowknife Accounting Prof. Corp.

Yellowknife, NT

July 21, 2026

EPR Yellowknife Accounting Professional Corporation

Chartered Professional Accountants

Yellowknife Airport Revolving Fund

Statement of Financial Position
As at March 31, 2026

	2026	2025
Financial Assets		
Accounts receivable (Note 4)	**$ 2,447,696**	$ 2,038,488
Due from the Government of the Northwest Territories (Note 5)	**30,375,808**	25,833,635
	32,823,504	27,872,123
Financial Liabilities		
Accounts payable and accrued liabilities	**1,625,144**	1,112,356
Deferred revenue (Note 7)	**18,908,071**	16,401,067
Employee future benefits (Note 8)	**18,428**	38,975
	20,551,643	17,552,398
Net Financial Assets	**12,271,861**	10,319,725
Non-Financial Assets		
Inventories held for use	**509,203**	298,110
Tangible capital assets (Note 9)	**36,406,158**	38,623,125
Prepaid expenses	**55,535**	1,797
	36,970,896	38,923,032
Accumulated Surplus	**$ 49,242,757**	$ 49,242,757

Contractual Obligations (Note 13)
Contractual Rights (Note 14)

Approved:

Randy Straker, Regional Airport Manager

Miranda Bass, CPA, CA
Director, Corporate Services

Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2026

	Budget	**2026**	2025
Deficiency or revenue over expenses	$ 1,595,000	**$ -**	$ -
Change in prepaid expenses	-	**(53,739)**	2,702
Acquisition of tangible capital assets	-	**(658,108)**	(1,039,883)
Inventory write down	-	**(211,093)**	-
Amortization of tangible capital assets	-	**2,875,076**	2,888,451
Increase (decrease) in Net Financial Assets	1,595,000	**1,952,136**	1,851,270
Net Financial assets, beginning of year	10,319,725	**10,319,725**	8,468,455
Net Financial assets, end of year	$ 11,914,725	**$ 12,271,861**	$ 10,319,725

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

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2026

	Budget	**2026**	2025
Aeronautical revenue (Note 15)	$ 5,800,000	**$ 7,428,837**	$ 7,289,149
Non-aeronautical revenue (Note 15)	3,200,000	**4,667,458**	3,925,301
	9,000,000	**12,096,295**	11,214,450
Government transfers (Note 10)	-	**-**	612,505
Airport improvement fees	5,000,000	**658,108**	421,751
	14,000,000	**12,754,403**	12,248,706
Expenses (Note 16)			
Amortization	2,800,000	**2,875,076**	2,888,451
Finance and administration	1,019,000	**1,354,777**	1,873,116
Operations and maintenance	4,328,000	**5,142,092**	4,347,299
Safety and security	4,258,000	**4,503,415**	4,054,398
	12,405,000	**13,875,360**	13,163,264
Operating Surplus before other items	1,595,000	**(1,120,957)**	(914,558)
Other expenses			
Grant-in-kind, occupancy costs (Note 11)	-	**-**	(1,255,047)
Occupancy costs (Note 11)	-	**-**	1,255,047
Recovery of prior year expenses	-	**-**	-
	-	**-**	-
Deficiency or revenue over expenses before other item	1,595,000	**(1,120,957)**	(914,558)
Other item			
Grant contributions (Note 5)		**1,120,957**	914,558
Deficiency of revenue over expenses	-	**-**	-
Accumulated surplus, beginning of year (Note)	49,242,757	**49,242,757**	49,242,757
Accumulated surplus, end of year	$ 1,595,000	**$ 49,242,757**	$ 49,242,757

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

Yellowknife Airport Revolving Fund

Statement of Cash Flows
For the Year Ended March 31, 2026

	2026	2025
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	**$ -**	$ -
Items not affecting cash:		
Amortization	**2,875,076**	2,888,451
	2,875,076	2,888,451
Changes in non-cash assets and liabilities		
Accounts receivable	**(409,208)**	(211,194)
Accounts payable and accrued liabilities	**512,787**	(152,362)
Deferred revenue	**2,507,005**	3,007,066
Employee future benefits	**(20,547)**	(14,051)
Prepaid expenses	**(53,738)**	2,702
Inventory	**(211,093)**	-
Security deposits	**-**	-
Due from Government of the Northwest Territories	**(4,542,174)**	(4,480,729)
Cash from operating activities	**658,108**	1,039,883
Investing activities		
Acquisition of tangible capital assets	**(658,108)**	(1,039,883)
Disposal of capital assets	**-**	-
Cash used in investing activities	**(658,108)**	(1,039,883)
Increase in cash	**2,875,076**	2,888,451
Cash, beginning and end of year	**$ -**	$ -

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

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. 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 5.

(b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and provision of services has occurred, when the price is fixed or determinable and when collectability is reasonable assured.

Landing and terminal fees, apron fees, and parking revenues are recognized when the Airport facilities are utilized.

Concession fee revenue is recognized based on the highest of the agreed upon percentage of reported concessionaire sales or the specified minimum rentals in the period in which the rentals occur. Lease revenues are recognized straight-line basis over the duration of the underlying agreements.

Recoveries are recognized when the service is performed or the goods are provided. Airport improvement fee revenue is recognized as income in the period that eligible capital airport improvement costs are incurred.

2. Significant accounting policies (continued)

(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.

(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	12-25 years straight-line, no salvage
Machinery, equipment and vehicles	5-15 years straight-line, no salvage
Airstrips/runways	10-40 years straight-line, no salvage
Fuel tanks	15-40 years straight-line, no salvage

Tangible capital assets acquired by the Fund after July 1, 2017 are the property of the Fund and are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset.

The cost of self-constructed assets includes expenditures on materials, direct labour, financing costs and an allocated proportion of project overheads. When the cost of replacing part of a tangible capital asset is capitalized, the carrying amount of the replaced part is derecognized. Any gain or loss on disposal or retirement of a tangible capital asset is determined as the difference between the proceeds from disposal and the carrying amount of the asset and is recognized in surplus.

Maintenance and repair expenses that do not improve or extend productive life are expensed in the period incurred.

Work in progress represents capital projects under construction but not completed and are valued at cost. Capital assets under construction are transferred to tangible capital assets when the asset is available for use and amortization will commence at that time.

2. Significant accounting policies (continued)

(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) Pension and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognised net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and recognized when the leave commences. As actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(g) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm’s length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial value is adjusted for financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial instruments measured at amortized cost include accounts receivable, due from the Government of the Northwest Territories and accounts payable and accrued liabilities.

There are no financial instruments subsequently measured at fair value.

2. Significant accounting policies (continued)

(g) Financial instruments (continued)

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(h) Inter-entity transactions

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

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

The Fund does not record the estimated cost of services provided by Government departments for no charge. The Fund receives the following services provided at no charge; payroll processing, insurance and risk management, legal counsel, records storage and computer operations.

(i) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the Fund is directly responsible or accepts responsibility
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As the Government of the Northwest Territories controls the land used by the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation.

2. Significant accounting policies (continued)

(j) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (g). The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments
- Department of Education, Culture and Employment
- Department of Environment and Climate Change
- 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 Municipal and Community Affairs

Boards and Agencies
- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- NWT Environmental Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

3. Future accounting changes

The conceptual Framework for Financial Reporting in the Public Sector: On December 1, 2022, PSAB issued the Conceptual Framework to the PSA handbook. It replaces financial statement concepts, section PS 1000, and financial statement objectives, section PS 1100, which will be withdrawn. The conceptual framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This conceptual framework is to be applied prospectively.

PS 1202- Financial Statement Presentation: This new section set out general and specific requirements for the presentations for the presentation of information in general purpose financial statements. The financial statement presentation principals are based on the concepts in the conceptual framework and particularly respond to the financial statement objectives set out in chapter 6 of the conceptual framework. This section applies for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the conceptual framework is also adopted at the same time.

4. Accounts receivable

	Accounts receivable	Allowance for doubtful accounts	**Net 2026**	Net 2025
Accounts receivable	$ 2,452,488	$ 4,792	**$ 2,447,696**	$ 2,038,488

5. 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:

	2026	2025
Balance, beginning of year	**$ 25,833,635**	$ 21,352,908
Adjustment to opening balance	**(1,739)**	-
Adjusted, opening balance	**25,831,896**	-
Add: cash received by Treasury on behalf of the Fund	**-**	19,718,279
Add: payments made by the Treasury on the Fund's behalf	**-**	(16,152,110)
Add: Maintenance worksheet clearing	**767,949**	914,558
Add: Adjustment to Balance Trial Balance	**7,620,880**	-
Add: Deficiecny Recovery	**1,120,956**	-
Add: AIF Deferred Revenue Adjustment	**(3,387,455)**	-
Add: Additional Adjustment	**(1,578,418)**	-
Balance, end of the year	**$ 30,375,808**	$ 25,833,635

The funds held by the Government Treasury are part of the consolidated revenue fund and are non-interest bearing with no set terms of repayment.

6. Airport improvement fees

The GNWT, acting on behalf of the Fund, entered into a Memorandum of Agreement ("the Agreement") dated July 1, 2017 with Signatory Air Carriers operating from the Yellowknife Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees ("AIF") by air carriers through their ticketing processes. AIF revenues can only be used for the Yellowknife Airport Capital Program.

AIF fees are charged at $10 per departing passenger in the Northwest Territories and $20 per departing passenger outside the Northwest Territories

Airport improvement fee summary since implementation, July 1, 2017:

		2026		2025
Cumulative AIF collected	**$**	**28,059,999**	$	25,925,280
Cumulative AIF expenses		**(13,184,567)**		(9,690,568)
The excess of AIF collected over expenses	**$**	**14,875,432**	$	16,234,712

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

7. Deferred revenue

Deferred revenue is composed of the followings:

		2026		2025
Airport Improvement fees	**$**	**14,875,432**	$	16,234,712
Federal payment for DND		**3,881,250**		-
Prepaid lease revenues		**151,389**		166,355
Total deferred revenue	**$**	**18,908,071**	$	16,401,067

8. Employee future benefits

Other Employee Future Benefits and Compensated Absences

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

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

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

Valuation Results

The last actuarial valuation was completed as at February 26, 2025. The results were extrapolated to March 31, 2026. The effective date of the next actuarial valuation is March 31, 2026. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Fund.

Changes in Liability

	2026	2025
Accrued benefit obligation, beginning of year	**$ 104,487**	$ 51,833
Benefits earned	**4,715**	3,164
Interest	**4,442**	2,779
Benefits paid	**(3,613)**	(2,274)
Actuarial (gains)/losses	**(10,971)**	48,985
Accrued benefit obligation, end of year	**99,060**	143,462
Unamortized net actuarial loss	**(80,632)**	(104,487)
Accrued benefit liability	**$ 18,428**	$ 38,975

	2026	2025
Current service cost	**$ 4,715**	$ 3,164
Interest cost	**4,442**	2,779
Amortization of net actuarial (gain) loss	**15,003**	10,382
	$ 24,160	$ 16,325

The discount rate used to determine the accrued benefit obligation is an average of 4.3% (2025 - 5.3%). The expected payments during the next five fiscal years are:

	Total
2027	$ 9,063
2028	8,753
2029	9,943
2030	16,935
2030	12,771
2031 and next 4 years	48,727
	$ 106,192

9. Tangible capital assets

	Cost	Accumulated Amortization	**March 31, 2026**	March 31, 2025
Buildings	$ 43,225,399	$ 22,719,846	**$ 20,505,553**	$ 21,675,088
Fuel tanks	109,924	18,320	**91,604**	95,268
Machinery, equipment and vehicles	13,840,259	6,923,447	**6,916,812**	7,828,389
Water/sewer works	599,893	361,936	**237,957**	261,951
Airstrips/runways	26,450,300	18,539,422	**7,910,878**	8,677,180
Work in progress	743,355	-	**743,354**	85,247
	$ 84,969,129	$ 48,562,971	**$ 36,406,158**	$ 38,623,125

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

10. Government transfers

The Fund received and recorded as revenue the following grants:

Received from	Type of transfer	Project	**2026**	2025
Transport Canada	Capital	Snow Blower	**$ -**	$ 612,505
Department of National Defence*	Capital	RESA (Runway End Safety Area)	**3,881,250**	-
Total			**$ 3,881,250**	$ 612,505

* RESA (Runway End Safety Area) fund received is included in deferred revenue

11. 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.

12. Budget information

The budget figures are from the 2024-2025 Main Estimates approved by the Legislative Assembly of the Northwest Territories

13. Contractual obligations

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2026 the commitments amounted to **$4,236,398**. The annual payments for these commitments are as follows:

	2027	2028	2029	2030	**Total**
Equipment leases	$ 7,157	$ 7,157	$ 7,157	$ 3,570	**$ 25,041**
Service contracts	2,568,270	1,295,327	372,801	56,423	**4,292,821**
Total Contractual Obligation	$ 2,575,427	$ 1,302,484	$ 379,958	$ 59,993	**$ 4,317,862**

14. 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:

	2027	2028	2029	2030	2031	**2032 AND THEREAFTER**	**Total**
Leases	$ 2,160,814	$ 1,943,162	$ 1,897,709	$ 1,747,739	$ 1,724,143	$ 13,835,562	$ 23,309,129
Licences	497,438	343,578	310,994	258,120	98,474	116,708	1,625,312
	$ 2,658,252	$ 2,286,740	$ 2,208,703	$ 2,005,859	$ 1,822,617	$ 13,952,270	$ 24,934,441

15. Revenue by object

The following is a summary of aeronautical and non-aeronautical revenues by object:

	Budget	**2026**	2025
Concession fees	$ 250,000	**$ 322,521**	$ 393,378
Aeronautical	5,000,000	**7,428,837**	7,289,149
Leases	2,600,000	**2,750,202**	2,496,431
Recoveries	150,000	**795,219**	496,396
Other	-	**799,516**	539,096
	$ 8,000,000	**$ 12,096,295**	$ 11,214,450

16. Expenses by object

	Budget	**2026**	2025
Amortization	$ 2,800,000	**$ 2,875,076**	$ 2,888,451
Bad debts (recovery)	15,000	**-**	1,739
Computer hardware and software	300,000	**213,464**	239,418
Contract services	2,180,000	**2,383,605**	2,196,478
Fees and payments	25,000	**13,919**	8,579
Materials and supplies	1,100,000	**211,545**	982,345
Purchased services	70,000	**134,656**	149,580
Travel	30,000	**5,122**	2,966
Utilities	1,400,000	**1,412,676**	235,861
Salaries and benefits	5,800,000	**6,625,297**	6,457,847
	$ 13,720,000	**$ 13,875,360**	$ 13,163,264

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 $32,823,504 (2025 - $27,872,123). Accounts receivable are due from various corporations. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. At March 31, 2026, the accounts receivable aging profile is as follows:

	0-30 days	31-60 days	61-90 days	Over 90 days	Total
Accounts receivable	$ 2,438,715	$ 4,434	$ 1,146	$ 5,140	$ 2,449,435

The Fund's management has determined that a portion of account receivable is impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is $(4,792) (2025 - $(4,792)).

Management believes the risk exposure related to amounts due from the Government of the 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 default. The Fund does have concentration risk. At March 31, 2026, two (2025 - two) customers comprise 55% (2025 - 55%) of the total outstanding accounts receivable. The Fund reduces this risk by monitoring overdue balances. The Fund also has concentration risk related to the amount due from the Government of 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 flow 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 outflows.

The Fund's maximum exposure to liquidly risk is represented by financial liabilities totaling $1,625,144 (2025 - $1,112,356). Financial liabilities consist of accounts payable and accrued liabilities. All of the Fund's financial assets and financial liabilities as at March 31, 2026 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 13.

Yellowknife Airport Revolving Fund

SCHEDULE 1

Notes to the Financial Statements
For the Year Ended March 31, 2026

	Buildings	Fuel Tanks	Machinery, Equipment and Vehicles	Water & Sewer Works	Airstrips	Work-In-Progress	**2026**	2025
Cost								
Balance, beginning of the year	$ 29,938,383	$ 109,924	$ 12,328,532	$ 453,919	$12,873,907	$ 85,247	**$ 55,789,911**	$ 54,750,028
Add: additions during the year	-	-	-	-	-	658,108	**658,108**	1,039,883
Add: Adjustments	13,287,016	-	1,511,727	145,974	13,576,393	-	**28,521,110**	-
Balance, end of year	43,225,399	109,924	13,840,259	599,893	26,450,300	743,355	**84,969,129**	55,789,911
Accumulated amortization								
Balance, beginning of the year	8,263,295	14,656	4,500,142	191,966	4,196,728	-	**17,166,787**	14,278,336
Add: amortization	1,169,536	3,664	911,578	23,996	766,302	-	**2,875,076**	2,888,451
Add: adjustment	13,287,015	-	1,511,727	145,974	13,576,392	-	**28,521,108**	-
Balance, end of year	22,719,846	18,320	6,923,447	361,936	18,539,422	-	**48,562,971**	17,166,787
Net book value	$ 20,505,553	$ 91,604	$ 6,916,812	$ 237,957	$ 7,910,878	$ 743,355	**$ 36,406,158**	$ 38,623,125

Environment Fund

Financial Statements

March 31, 2026

Environment Fund

Financial Statements

March 31, 2026

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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.



Jessica St Arnaud, CPA, CA
A/Deputy Minister
Department of Environment and Climate Change



Jessica St Arnaud, CPA, CA
Director, Finance and Capital Planning
Department of Environment and Climate Change

June 30, 2026

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Independent Auditors' Report

To the Minister of Environment Fund

Qualified Opinion
We have audited the financial statements of the Environment Fund, which comprise the statement of financial position as at March 31, 2026, and the statements of operations and changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Environment Fund as at March 31, 2026 and the results of its operations and changes in fund balances for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profits.

Basis for Qualified Opinion
The Environment Fund relies on reports prepared by processing centres and depots for the recording of depot handling fees $938,967 (2025 - $1,036,864), processing centre handling fees $581,525 (2025 - $680,064) and refundable deposit fees $3,204,695 (2025 - $2,362,337). The reports provided by processing centres and depot 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 expenses for the years ended March 31, 2026 and 2025, accounts payable or fund balances as at March 31, 2026 and 2025.

Wages and benefits of $1,110,838 (2025 - $1,507,247) 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, 2026 and 2025, liabilities and fund balances as at March 31, 2026 and 2025.

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.

Independent Auditors' Report (continued)

Other Matter
Management is responsible for the other information. The other information comprises the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profits, 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.

Independent Auditors' Report (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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, 2026

Chartered Professional Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	2026	2025
Revenues		
Beverage Container Program (schedule 1)	**$ 7,017,409**	$ 6,898,850
Electronic Recycling Program (schedule 2)	**224,623**	266,099
Other Programs and Initiatives (schedule 3)	**23,327**	19,531
	7,265,359	7,184,480
Expenses		
Beverage Container Program (schedule 1)	**6,405,358**	5,960,295
Electronic Recycling Program (schedule 2)	**273,526**	327,502
Other Programs and Initiatives (schedule 3)	**836,801**	957,563
	7,515,685	7,245,360
Deficiency of revenues over expenses	**$ (250,326)**	$ (60,880)

Environment Fund

Statement of Changes in Fund Balances

For the year ended March 31, 2026

	Unrestricted	Equipment replacement reserve	Total 2026	Total 2025
Balance, beginning of year	$ 8,895,504	$ 545,019	**$ 9,440,523**	$ 9,501,403
Deficiency of revenues over expenses	(250,326)	-	**(250,326)**	(60,880)
Transfer to reserve (Note 2c)	(12,289)	12,289	**-**	-
Balance, end of year	**$ 8,632,889**	**$ 557,308**	**$ 9,190,197**	$ 9,440,523

Environment Fund

Statement of Financial Position

March 31,	**2026**	2025
Assets		
Accounts receivable (note 4)	**$ 610,439**	$ 538,219
Due from Treasury (note 5)	**10,666,404**	10,124,276
Loan receivable (note 6)	**3,063**	-
	$ 11,279,906	$ 10,662,495
Liabilities		
Accounts payable and accrued liabilities (note 7)	**$ 353,831**	$ 340,996
Unredeemed container liability (note 8)	**1,735,878**	880,976
	2,089,709	1,221,972
Fund balances		
Unrestricted	**8,632,889**	8,895,504
Equipment replacement reserve	**557,308**	545,019
	9,190,197	9,440,523
	$ 11,279,906	$ 10,662,495

Nature of operations (note 1)

Approved on behalf of the Board:

A/Deputy Minister

Director, Finance and Capital Planning

1. Nature of operations

The Environment Fund ("the Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Reduction and Recovery Act* ("the Act") of the Northwest Territories. The Act was enacted in October 2003 during the 6th session of the 16th Legislative Assembly. The Act came into force in July 2005 with the establishment of the Fund.

The financial assets of the Fund may be used to pay for:

- the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste
- education programs related to the reduction or recovery of waste
- research and development activities related to the reduction or recovery of waste
- the appropriate disposal of a designated or prohibited material as waste
- expenses associated with the work of the advisory committee established by the Minister
- to provide advice and assistance relating to the establishment of programs and operation of programs in respect of the reduction and recovery of waste
- other costs associated with programs, initiatives, or activities in respect of the reduction or recovery of waste

Environment Fund Programs

The Beverage Container Program, which came into effect November 1, 2005, is one of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act.* The program revenues and expenses include those pertaining to recyclable beverage containers, processing and salvaging of those containers and related overhead costs to run the program.

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 program revenues and expenses include those pertaining to recycling of electronics, processing and salvaging of those electronics and related overhead costs to run the program.

The Single Use Retail Bag Program and other initiatives, 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 program revenues and expenses include those pertaining to single use retail bags, and waste reduction and recovery efforts.

The Department of Environment and Climate Change 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 government not-for-profits organizations.

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 managed by the Fund are not included in these financial statements as they are not capital assets of the Fund.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation. Asset retirement obligations are the responsibility of the Department of Environment and Climate Change.

(c) Reserve funds

The Equipment Replacement Reserve is a restricted fund set up and approved by the Department of Environment and Climate change to purchasing and replace specialized equipment in the regular course of operations. The equipment is located at depot and processing centre locations in the Northwest Territories and is used to support the mandate of the Fund.

Reserve fund transactions include purchasing of equipment and recognizing a transfer from the general fund for estimated future purchasing. The estimated future purchasing is based on 1/10 of the cost of the capital equipment purchased to date. The 2026 transfer is $12,289 (2025 - $12,289). There were no purchases of equipment during the fiscal year (2025 - $nil).

2. Significant accounting policies (continued)

(d) Contributed services

The Department of Environment and Climate Change maintains the accounts of the Fund and provides the Fund with certain administrative support, including rent, bookkeeping, management overview and auditing costs. 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 and the value cannot been determined. Program salaries are directly charged to the Fund.

(e) Start-up funding

The Department of Environment and Climate Change 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, loan 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.

2. Significant accounting policies (continued)

(h) Related party transactions

The transactions with related parties are carried out in the normal course of operations. Expenses and revenues were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Payables and receivables were measured at cost, determined using their undiscounted cash flows. No differences resulted from these transactions.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Estimates include allowance for doubtful accounts, accrued liabilities and the unredeemed container liability.

(j) 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Future accounting changes

Financial Statement Presentation, Section PS 1202

Section PS 1202 "Financial Statement Presentation", will replace the existing Financial Statement Presentation section PS 1200. The new standard will relocate the calculation of net financial liabilities (formerly known as 'net debt') to its own statement, introducing two categories of liabilities: financial and non -financial. The new standard will restructure the statement to present assets, followed by liabilities, followed by net assets or net liabilities.

This section will apply to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. PS 1202 will be applied prospectively.

The Conceptual Framework for Financial Reporting in the Public Sector

PSAB’s Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives.

The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026 Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.

4. Accounts receivable

	2026	2025
Accounts receivable	**$ 636,109**	$ 564,887
Less: Allowance for doubtful accounts	**25,670**	26,668
	$ 610,439	$ 538,219

5. 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.

6. Loan receivable

The Fund loaned one (2025 - nil) bottle depot operator funding to cover refundable deposit payments. These payments are made to persons returning empty beverage containers to the local depots.

	2026	2025
Loan receivable, non-interest bearing and repayable in monthly installments of $438 starting on July 1, 2025. Final payment due on October 1, 2026.	**$ 3,063**	$ -

7. Accounts payable and accrued liabilities

	2026	2025
Trades payable	**$ 353,751**	$ 340,956
Government sales tax	**80**	40
	$ 353,831	$ 340,996

8. Unredeemed container liability

The unredeemed container liability is an amount that is equal to 30% (2025 - 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*.

9. Change in accounting estimate

Effective April 1, 2025, the Fund revised the estimate of the unredeemed container liability to 30% of beverage containers sold during the year from 15%. The effect of this change has been applied prospectively and increased the deficit in the current year by approximately $854,902 and increased the unredeemed container liability by $854,902. There is no expected impact on future periods.

10. Related party transactions

The Fund is related in terms of common control 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 Climate Change, as outlined in Note 2 (d).

The Fund entered into transactions with the following entities subject to common control:

NWT Liquor Commission
Government of the Northwest Territories - Department of Finance - Human Resources
Government of the Northwest Territories - Department of Infrastructure - Marine Transportation Services
Yellowknife Education District No.1 - École Sir John Franklin High School
Sahtu Divisional Education Council - Chief T'Seleye School
Wrigley District Education Authority - Chief Julian Yendo School
Aurora College

	2026	2025
Revenue		
NWT Liquor Commission - Beverage container program fees	**$ 1,616,335**	$ 1,746,457
Expenses		
Wrigley District Education Authority - Chief Julian Yendo School - Grants and contributions	**$ 1,277**	$ 1,915
Government of the Northwest Territories - Human Resources - Payroll	**1,110,838**	1,507,247
Sahtu Divisional Education Council Chief T'Seleye School - Grants and contributions	**9,598**	9,598
Government of the Northwest Territories - Marine Transportation Services - Freight	**35,143**	48,100
Deh Cho District Education Council - Grants and contributions	**1,217**	3,652
Aurora College - Training	**9,150**	13,905
	$ 1,167,223	$ 1,584,417

10. Related party transactions (continued)

Accounts receivable				
NWT Liquor Commission	**$**	**127,831**	$	136,130
Accounts payable and accrued liabilities				
Sahtu Divisional Education Council - Chief T'Seleye School	**$**	**873**	$	-

11. 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 they become due.

The Fund is exposed to this risk relating to its accounts receivable, loan receivable and due from Treasury. Accounts receivable are amounts 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 or loan receivable required impairment. Credit risk related to due from Treasury is mitigated by fiscal policy set by the Government of the Northwest Territories which includes a yearly budget.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of $11,279,906 (2025 - $10,662,495). All financial assets are considered current. This risk has increased from prior year.

11. Financial instruments (continued)

(b) Concentration of credit risk

Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. The Fund does have a concentration of credit risk.

Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

At March 31, 2026 receivables from four (2025 - three) customers comprised approximately 63% (2025 - 57%) of the total outstanding receivables. The Fund reduces this risk by regularly assessing the credit risk associated with these accounts.

At March 31, 2026, 100% (2025 - 100%) of the cash stores of the Environment Fund were held in the treasury of the Department of Finance. These funds are subject to extensive internal control and risk management to reduce the credit risk associated with this balance.

(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 rates. The Fund's interest-bearing financial instruments includes the amount Due from Treasury, with interest rates set by the Government of the Northwest - Department of Finance, Investment pool as described in note 5.

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Beverage Container Program

Schedule 1

	2026	2025
Revenues		
Beverage container program fees	**$ 5,786,260**	$ 5,798,938
Salvage	**649,859**	524,374
Interest revenue	**550,635**	536,464
Recoveries	**30,655**	39,074
	7,017,409	6,898,850
Expenses		
Advertising and promotion	**31,884**	20,601
Contract service - satellite depot	**71,107**	61,840
Depot handling fees	**938,967**	1,036,864
Equipment, supplies and maintenance	**310,179**	236,915
Freight	**391,411**	341,124
Grants and contributions	**109,146**	112,459
Insurance	**16,709**	18,032
Office and software	**9,703**	9,347
Processing centre handling fees	**581,525**	680,064
Processing centre salvage	**127,589**	108,760
Professional fees	**28,157**	144,191
Quality control fees	**44,553**	38,500
Refundable deposit fees	**2,349,793**	2,362,337
Adjustment for unredeemed containers (note 9)	**854,902**	-
Storage	**44,975**	67,600
Travel and training	**4,571**	22,216
Wages and benefits	**490,187**	699,445
	6,405,358	5,960,295
Excess of revenues over expenses	**$ 612,051**	$ 938,555

Schedule of Electronic Recycling Program

Schedule 2

		2026		2025
Revenues				
Electronic recycling program fees	**$**	**224,623**	$	266,099
Expenses				
Contract service - satellite depot		**-**		2,339
Depot, processing centre and recycling fees		**102,627**		131,380
Equipment, supplies and maintenance		**11,660**		-
Freight		**23,835**		22,008
Professional fees		**37,451**		44,190
Storage		**6,100**		8,400
Wages and benefits		**91,853**		119,185
		273,526		327,502
Deficiency of revenues over expenses	**$**	**(48,903)**	$	(61,403)

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Other Programs and Initiatives

Schedule 3

		2026		2025
Revenues				
Single-use retail bag program fees	**$**	**23,327**	$	19,531
Expenses				
Advertising and promotion		**14,607**		17,938
Contract services		**25,655**		25,655
Grants and contributions		**239,164**		194,101
Freight		**-**		4,921
Office		**2,788**		4,761
Professional fees		**15,200**		4,347
Travel and training		**10,587**		17,223
Wages and benefits - Policy development		**436,976**		556,113
Wages and benefits - Single-use retail bag program		**38,699**		74,155
Wages and benefits - Waste reduction and recycling		**53,125**		58,349
		836,801		957,563
Deficiency of revenues over expenses	**$**	**(813,474)**	$	(938,032)

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT

FINANCIAL STATEMENTS
For the Year Ended March 31, 2026

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NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
TERRITOIRES DU NORD-OUEST
ASSEMBLÉE LÉGISLATIVE

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 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. 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 Professional Accountants has provided an independent 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 their notice during the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Aon, 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:



Speaker



Clerk

July 29, 2026

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Kîci Okimänähk Mämawapowin • Beba ʔełígíth ʔeła Déłtthʼı Kʉ́é • Ekʼèteht̨sodǫ Łegehdì Kǫ̀ • Kʼáowe gogha ełekʼéterewe ke łénakedé
Gogha Sombaa Nálée • Dagwidjį̀ʼè Trʼigwahtsii Geenjit Nadhat Kat • Legislative Assemblitkut • Ihumiurviat Malirutaliatigun • ᓚᓪᓚᐅᖅᑎᑦ

ASHTON
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Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly Retiring Allowance Fund

Opinion

We have audited the financial statements of the Legislative Assembly Retiring Allowance Fund (the Fund), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2026, and the changes in its net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(continues)

- 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 29, 2026

Chartered Professional Accountants

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2026

	2026	2025 *Restated*
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	$ 20,406	$ 640
Accrued Interest Income	-	-
	20,406	640
INVESTMENTS (Note 4)	28,018,087	26,408,489
	$ 28,038,493	$ 26,409,129
LIABILITIES		
CURRENT		
Accounts Payable	$ 53,131	$ 48,686
NET ASSETS AVAILABLE FOR BENEFITS per page 2	27,985,362	26,360,443
PENSION OBLIGATIONS per page 3 (Note 5)	20,556,400	19,873,200
PENSION PLAN FUND SURPLUS	7,428,962	6,487,243

APPROVED

_____ Speaker

_____ Clerk

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2026

	2026	2025
INCREASE IN ASSETS		
Contributions:		
Members	259,883	270,959
Government of the NWT	395,300	856,000
In-Kind Contributions	-	-
Other Receipts	-	-
	655,183	1,126,959
Investment Income:		
Interest	466,275	549,905
Dividends	298,203	313,100
Gain on Sale of Investments	2,382,939	735,870
	3,147,417	1,598,875
Current Period Change in Fair Values of Investments	(820,522)	1,182,470
Net Investment Income	2,326,895	2,781,345
Total Increase in Assets	2,982,078	3,908,304
DECREASE IN ASSETS		
Benefits		
Pension Payments	1,172,250	1,199,251
Termination/Lump sum Payments	-	154,153
Total Benefits	1,172,250	1,353,404
Administrative		
Actuary Fees	27,724	70,417
Audit Fees	9,500	9,000
Investment Management Fees	113,260	112,566
Meeting Travel & Accommodation	9,352	9,827
Trustee Fees	25,073	40,704
Total Administrative	184,909	242,514
Total Decrease in Assets	1,357,159	1,595,918
INCREASE IN NET ASSETS AVAILABLE	$ 1,624,919	$ 2,312,386
FOR BENEFITS		
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	26,360,443	24,048,057
END OF YEAR	$ 27,985,362	$ 26,360,443

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2026

	2026	2025 *Restated*
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Benefits	$ 1,045,200	$ 952,000
Benefits Accrued	815,000	775,000
Experience Loss	-	1,215,500
	1,860,200	2,942,500
DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	$ 1,177,000	$ 1,211,000
Experience Gain	-	-
	1,177,000	1,211,000
INCREASE IN PENSION OBLIGATIONS	683,200	1,731,500
PENSION OBLIGATIONS, BEGINNING OF YEAR	19,873,200	18,141,700
PENSION OBLIGATIONS, END OF YEAR	$ 20,556,400	$ 19,873,200
AS REPRESENTED BY		
Active Members	$ 4,324,900	$ 3,296,100
Pensioners & Terminated Members	16,231,500	16,577,100
	$ 20,556,400	$ 19,873,200

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2026

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 Allowances Act (NWT) 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, 2026

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 0.25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 71.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lesser of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

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 policies are detailed as follows:

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

b) Investments

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

c) Fair Value Hierarchy

The fund 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 fund can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2026

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Pension Obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

e) Revenue Recognition

Revenue from contributions and investment income are recognized on an accrual basis.

f) Contributed Services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

g) Pension Benefits

Pension benefits are shown as expenses in the year of payment.

h) Measurement Uncertainty

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

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2026

3. ACCOUNTS RECEIVABLE

	2026	2025
Member Contributions	$ 20,406	$ 640
In-Kind Contributions - GNWT	-	-
	$ 20,406	$ 640

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:

	2026 Cost	2026 Market	2025 Cost	2025 Market
Cash & Cash Equivalents	229,279	229,279	128,383	128,383
Canadian Equity Mutual Funds	4,984,683	5,845,542	4,166,514	4,674,479
International Equity Mutual Funds	8,166,503	8,119,737	7,508,067	8,857,181
Canadian Fixed Income Funds	14,823,894	13,823,529	13,971,873	12,748,446
	$ 28,204,359	$ 28,018,087	$ 25,774,837	$ 26,408,489

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 note 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:

	2026	2025
Level 1	$ 28,018,087	$ 26,408,489

5. OBLIGATIONS FOR PENSION BENEFITS

The actuarial present value of accrued pension benefits was determined by Aon Hewitt, a firm of consulting actuaries. The going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2024.

The data and assumptions used for the March 31, 2026 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2024.

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.

	2026	2025
Valuation Interest Rate (net of expenses)	5.20%	5.20%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	5.20%	5.20%
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 as at April 1, 2024, and the related report completed in April 2025. The next actuarial valuation will be completed for April 1, 2028.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2026 has been obtained using a measurement date of January 31, 2026 by increasing the April 1, 2024 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, 2026

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 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. 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 the 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 rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The 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 exist 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 and employer 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, 2026, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On July 29, 2026 the Board of Management authorized the issue of the financial statements for the year ended March 31, 2026.

9. PRIOR PERIOD ADJUSTEMENT

Subsequent to the issuance of the financial statements for the year ended March 31, 2025, it was determined that experience losses of $1,215,500 had not been included in the pension obligations reported in those financial statements. The comparative figures have been retrospectively restated to correct this error. The correction resulted in an increase in Pension obligations and a decrease in Pension plan surplus of $1,215,500.

Northwest Territories Lotteries
Physical Activity, Sport and Recreation Fund Report
For the year ended March 31, 2026

Physical Activity, Sport and Recreation Fund Balance
Schedule 1 - Schedule of Lottery Revenue, Net
Schedule 2 - Contributions to Organizations and Active Living Programs
Schedule 3 - Contributions Multisport Games
Notes

Northwest Territories Lotteries
Physical Activity, Sport and Recreation Fund Balance
For the year ended March 31, 2026

	2026 Activity Unaudited	
Opening Balance, April 1, 2025		(2,752,105)
Revenue (Statement of Operations)	$ 7,683,033	
Less: Contributions to Organizations (Schedule 2)	(4,508,440)	
Less: Contributions to Multisport Games (Schedule 3)	(1,625,000)	
Less: Administration Expenses (Statement of Operations)	(1,145,177)	
		404,416
Balance as at March 31, 2026		$ (2,347,689)

	2025/2026 Budget	March 31, 2026 Unaudited	March 31, 2025 Unaudited
Opening Fund balance, Note 1	(2,752,105)	(2,752,105)	(2,243,656)
Revenue			
Other Grants - MACA		1,800,000	
Lottery Revenue	5,534,000	5,379,296	5,562,906
Program Recipient Recoveries			
Nunavut Government Recoveries	145,000	169,846	168,362
Fees	3,000	1,500	1,500
Sundry Income			
Recoveries of Prior Year Expenses		332,391	
	5,682,000	7,683,033	5,732,768
Expenses			
Compensation and Benefits	363,378	447,355	468,411
Grants, Contributions and Transfers	5,043,013	5,946,790	4,940,530
Travel	7,400	1,240	380
Material and Supplies	143,000	138,296	115,237
Purchased Services	57,200	28,922	36,144
Utilities	-		-
Contract Services	540,002	518,823	500,440
Fees & Payments	204,500	194,935	177,611
Controllable Assets	7,000	-	-
Computer Hardware/Software	2,000	2,257	2,465
	6,367,493	7,278,617	6,241,217
Net Income	(685,493)	404,416	(508,449)
Year End Fund Balance	(3,437,598)	(2,347,689)	(2,752,105)

Northwest Territories Lotteries
Schedule 1 - Schedule of Lottery Revenue, Net
(amounts derived from Western Canada Lottery Corporation financial statements and includes sales of Nunavut)
For the year ended March 31, 2026

	March 31, 2026 Unaudited	March 31, 2025 Unaudited	March 31, 2024 Unaudited
SALES			
Lottery Ticket Sales - see Note 3	$21,442,016	$22,744,107	$19,733,127
Interest and other income	69,526	119,172	76,252
	21,511,542	22,863,279	19,809,379
DIRECT EXPENSES			
Free Tickets - see Note 3	1,136,310	1,142,850	1,021,662
Prizes	11,649,282	12,388,955	10,535,705
Retailer Commissions	1,131,312	1,204,003	1,052,465
Online Transactional Costs	(62,243)	144,338	34,949
Ticket Printing	120,891	512,370	283,425
	13,975,552	15,392,516	12,928,206
OPERATING INCOME	7,535,990	7,470,763	6,881,173
EXPENSES			
Amortization	290,409	221,769	153,930
Communications	118,620	117,305	113,731
Cost of premises	15,253	29,587	14,221
Draws and winning numbers publication	3,700	4,750	3,692
Employee development	9,615	7,557	5,505
Equipment Maintenance and Purchase	91,342	71,688	86,251
Federal Government	242,274	233,252	212,624
Freight and product transport	4,096	3,939	3,973
Goods and services tax	108,609	135,286	102,866
I. L. C. expense	21,369	21,808	12,124
Insurance and bank charges	10,834	11,501	10,293
Media & advertising	199,133	234,803	229,133
Overhead allocation	-367	-363	-343
Presentations, publications and miscellaneous	6,445	2,268	8,125
Professional fees	271,167	156,829	111,705
Promotion	5,867	9,621	7,357
Supplies	1,050	1,453	1,582
Travel	2,701	2,714	2,285
Wages and Benefits	374,305	347,268	271,021
	1,776,422	1,613,035	1,350,075
EXCESS OF REVENUES OVER EXPENSES	$ 5,759,568	$ 5,857,728	$ 5,531,098

Northwest Territories Lotteries
Schedule 2 - Contributions to Organizations and Active Living Programs
For the year ended March 31, 2026

	March 31, 2026 Unaudited	March 31, 2025 Unaudited
REVENUE		
Lottery Contribution	$ -	$ -
MACA Contribution		-
	-	-
EXPENSES		
Indigenous Sports Circle of the NWT	860,000	800,000
Inuvik and Sahtu Sport and Recreation	186,650	177,611
Mackenzie Recreation Association	360,000	360,000
NWT Recreation and Parks Association	800,000	800,000
Sport North Federation	800,000	800,000
Territorial Sport Organizations	$ 1,501,790	1,541,790
	4,508,440	4,479,401
DEFICIENCY OF REVENUES OVER EXPENSES	$ (4,508,440)	$ (4,479,401)

	March 31, 2026 Unaudited	March 31, 2025 Unaudited
Territorial Sport Organizations		
Archery - Note 6	$ -	$ 20,000
Arctic Sports/Dene Games - Note 6	-	-
Northern Games - Note 6	-	20,000
Athletics	65,790	65,790
Badminton	20,000	20,000
Basketball	100,000	100,000
Biathlon	20,000	20,000
Bowling	20,000	20,000
Boxing	20,000	20,000
Cross Country Skiing	100,000	100,000
Curling	82,500	82,500
Dog Sledding	47,500	47,500
Figure Skating	20,000	20,000
Gymnastics	47,500	47,500
Hockey	100,000	100,000
Judo	100,000	100,000
Karate	20,000	20,000
Kayak	20,000	20,000
Shooting	31,000	31,000
Snowboarding	47,500	47,500
Soccer	100,000	100,000
Softball	82,500	82,500
Special Olympics	20,000	20,000
Speed Skating	82,500	82,500
Squash	65,000	65,000
Swimming	100,000	100,000
Table Tennis	20,000	20,000
Taekwondo	20,000	20,000
Tennis	47,500	47,500
Volleyball	82,500	82,500
Wrestling	20,000	20,000
	$ 1,501,790	$ 1,541,790

Northwest Territories Lotteries
Schedule 3 - Contributions Multisport Games
For the year ended March 31, 2026

	March 31, 2026 Unaudited	March 31, 2025 Unaudited
REVENUE		
MACA Contribution	$ -	$ -
	-	-
Sport North Federation - 2024 Arctic Winter Games		613,740
Sport North Federation - 2026 Arctic Winter Games	1,600,000	
NWT 55+ Games Association	25,000	25,000
	1,625,000	638,740
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ (1,625,000)	$ (638,740)

Northwest Territories Lotteries
Notes
For the year ended March 31, 2026

1. Basis of Presentation

The financial information in these reports for the year ended March 31, 2026 is prepared by the NWT and Nunavut Lotteries and internally verified by MACA Finance Staff. This information has not been subject to an audit, review or compilation engagement by a professional accountant.

2. Nature of Operations

NWT and Nunavut Lotteries has agreements with the Western Canada Lottery Corporation (WCLC) and the Government of Nunavut for the purpose of conducting and managing the sale of Western Canada Lottery products pursuant to the *Western Canada Lottery Act* and regulations in both the NWT and Nunavut.

For managing lottery operations on behalf of the Nunavut Government, NWT and Nunavut Lotteries receives a management fee based on the Net Income of Nunavut Lottery Operations.

3. Net Sales for the period ended March 31, 2026

Net sales as reported by the WCLC is net of the free ticket amount. The financial information in this report identifies the free ticket amounts as a separate line item and added to the net sales amount as reported by the WCLC.

	$	%
Eastern Arctic / Nunavut	3,900,059	19.21%
Western Arctic / NWT	16,404,128	80.79%
	20,304,187	100.0%

During FY 2026, WCLC advised of two discrepancies that occurred during FY 2025 that resulted in an over allocation of online transaction fees ($103,236.02) and ticket printing costs ($196,864.59). The over allocation was credited to NWT and Nunavut Lotteries in June 2025 resulting in a ($62,243) for online transaction fess and $120,891 for ticket printing costs reported for the 2026 FY.

4. Number of Terminals as at March 31, 2026

	#	% of Total Sales
Eastern Arctic / Nunavut	15	28.12%
Western Arctic / NWT	36	71.88%
Total Number of Terminals	51	100.0%

5. Fund Operating Parameters

Due to the variable nature of lottery ticket sales and funding to support programs like multisport games, the Fund has been authorized to accumulate a maximum deficit of up to $3 million. If the Fund is projected to exceed this limit, the Minister must present recommendations to the Financial Management Board to address the shortfall. The Fund has also been authorized to accumulate a maximum surplus of $1.5 million. If the Fund is projected to exceed that limit, the Minister must submit recommendations to the Financial Management Board to utilize the funds above $1.5 million in accordance with the Act.

6. Archery, Northern Games, Arctic Sports and Dene Games

Funding for these sports is provided to the Indigenous Sports Circle NWT.

7. Recovery of Prior Years' Expenses

An estimate of the amount payable to the Government of Nunavut is booked each year at the fiscal year end based on the preliminary March statement from the Western Canada Lottery Commission (WCLC). Final amount payable is not calculated until the final audited statement from the WCLC is received at the end of May. Over estimates from prior fiscal years were adjusted in FY 2026.

Government of the Northwest Territories
Students Loan Fund
Statement of Operations

For the year ended March 31, 2026 **(thousands of dollars)**

	2026	2025
Loans Receivable, opening balance	44,484	41,444
Loans granted during the year	8,812	8,452
	53,296	**49,896**
Less:		
Principal amount of loans repaid	(2,962)	(3,151)
Principal amount of loan forgiveness	-	(256)
Principal amount of loan remissions	(921)	(1,808)
Principal Amount of Northern Bonus	-	(197)
Loans Receivable, closing balance	49,413	44,484
Less:		
Allowance for remissable and doubtful loans	(21,088)	(19,012)
Net Loans Receivable, closing balance	**28,326**	**25,472**
Effect of Students Loan Fund on Government Operations		
Interest earned and credited to general revenues	331	345
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		
Less:		
Collection agency fees	(2)	(2)
Estimated provision for remission and doubtful accounts	(3,016)	(4,277)
Operating deficiency for the year	**(2,687)**	**(3,933)**

Approved:

James Fulford
Deputy Minister
Department of Education, Culture and Employment

Katherine Macdonald
Director, Finance and Capital Planning
Department of Education, Culture and Employment

Students Loan Fund

Notes to the Financial Statement **(in thousands)**

March 31, 2026

1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the Student Financial Assistance Regulations (the Regulations), the Department of Education, Culture and Employment (ECE) provides financial assistance to eligible students to help cover the costs of post-secondary education. Student Financial Assistance (SFA) is delivered through a combination of grants and loans (remissible and repayable), subject to the eligibility criteria prescribed in the Regulations.

2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. The NWT participated in the CSLP until July 31, 1988. At that time, the NWT opted out of the program and now receives an Alternative Payment under section 14(4) of the *Canada Student Financial Assistance Act.*

Following the withdrawal, a Students Loan Fund (SLF) was established within the Consolidated Revenue Fund to enable and manage disbursements and repayments related to loans issued under the Act. In accordance with section 9 of the Act, the following shall be credited to the SLF:

a) Repayments of principal on loans issued under the Act;
b) Amounts of loans remitted under the Act (remissible loans may be partially or fully forgiven if students meet specific academic and residency criteria);
c) Northern Bonus Grants, provided students meet academic and residency requirements and their loan accounts are in good standing *(Note: Northern Bonus Grants were discontinued effective June 13, 2024*); and
d) Principal amounts of loans written off under the *Financial Administration Act* (FAA).

The SLF operates with a maximum authorized revolving limit of $55 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 by recording write downs or recoveries, as appropriate. Write downs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Simple interest is charged on loans following the interest-free in-school period. Payments on loans are applied first to interest and then to outstanding principal.

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

b) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimate relates to the valuation allowances for loans receivable.

4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	2026	2025
Allowance for Forgiveness – Remissible Loans	$ 8,680	$ 6,979
Allowance for Doubtful Accounts – Repayable Loans	$12,408	$12,033
Total Allowance	**$21,088**	**$19,012**

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 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.

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2026

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2026 **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 Associates, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund

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

April 23, 2026
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, 2026 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 Plan as at January 1, 2026, 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.

Responsibilities of Management
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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
April 16, 2026

Chartered Professional Accountants

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2026	2026	2025
Assets		
Contributions receivable - Sponsor (note 3)	$ 13,560	$ 13,560
Investments (note 4)	9,129,837	9,075,254
Total Assets	**9,143,397**	**9,088,814**
Liabilities		
Accounts payable and accrued liabilities	72,866	37,916
Total Liabilities	**72,866**	**37,916**
Net Assets Available for Benefits	**9,070,531**	**9,050,898**
Pension obligations (Note 5)	**8,412,600**	**9,031,566**
Surplus		
Pension Plan Fund Surplus	**$ 657,931**	**$ 19,332**

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, 2026		2026		2025
Increase in assets:				
Contributions - members	$	88,333	$	250,729
Contributions - sponsor (current service cost)		89,625		100,725
Current year change in fair value of investments		-		620,748
In-kind contributions - sponsor		23,629		22,365
Investment income		894,702		590,822
Net realized capital gains income		292,950		126,185
		1,389,239		1,711,574
Decrease in assets:				
Administrative expenses (Note 7)		154,535		125,006
Benefit payments - regular		481,077		468,406
Refund of contributions - members		645,031		-
Current year change in fair value of investments		88,963		-
		1,369,606		593,412
Increase in net assets available for benefits		**19,633**		1,118,162
Net assets available for benefits, beginning of year		**9,050,898**		7,932,736
Net assets available for benefits, end of year	**$**	**9,070,531**	$	9,050,898
Changes in pension plan fund surplus (deficit):				
Beginning of year	**$**	**19,332**	$	(734,566)
Increase in net assets available for benefits		**19,633**		1,118,162
Decrease (increase) in pension obligation		**618,966**		(364,264)
Net change		**638,599**		753,898
End of year	**$**	**657,931**	$	19,332

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Pension Obligations

For the year ended January 1, 2026	2026	2025
Increase in pension obligations:		
Interest accrued on benefits	$ 406,000	$ 372,600
Benefits accrued	254,900	460,070
Experience (gains) and losses	(153,735)	-
	507,165	832,670
Decrease in pension obligations:		
Benefits paid	481,100	468,406
Benefit payments - regular	645,031	-
Increase in pension obligation	**(618,966)**	364,264
Pension obligation, beginning of year	**9,031,566**	8,667,302
Pension obligation, end of year	**$ 8,412,600**	$ 9,031,566

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

The Plan is invested in pooled fund investments as disclosed in note 4. Pooled fund investments are valued at the unit values supplied by the investment manager, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices. 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.

Investment transactions are recorded on the trade date.

Investment income includes interest and dividend income and are recorded on an accrual basis.

Current period change in fair market value of investments includes all net unrealized capital gains. Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment, as net realized capital gains income.

(c) Member and sponsor contributions

Contributions are recognized on an accrual basis during the period in which the members wages and salaries are earned. Sponsor contributions consist of current service contributions and special payments required to fund the deficiency based on the most recent actuarial valuation report. Member contributions for past service are recorded in the year received.

(d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuarial and audit fees. They are recognized in the period in which the service is provided.

Benefit payments represent pension payments to retired members and are recognized on monthly basis when they become due.

(e) Contributed services

The Fund recognizes in-kind contributions of services in these financial statements, but only when a fair value can be reasonably estimated and when the services are used in the normal course of the Fund's operations and would otherwise have been purchased.

(f) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

2. Basis of presentation and summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Financial assets or liabilities originated or exchanged in related party transactions are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Company in the transaction.

Transactions, with parties whose sole relationship with the Plan is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement
The Plan subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs.

Financial assets measured at cost include contributions receivable - sponsor.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Impairment
At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(g) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

2. Basis of presentation and summary of significant accounting policies (continued)

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates, changes in estimates are recorded in the accounting period in which they are determined.

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's pension obligations, 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 experience gains or losses in the Statement of Changes in Pension Obligations in the year when actual results are known.

3. Contribution receivable - Sponsor

		2026		2025
In-kind contirbution	**$**	**13,560**	$	13,560

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:

		2026		2025
Cash and cash equivalents	**$**	**276,462**	$	235,957
Canadian equities		**1,879,639**	$	1,706,148
Global equities		**3,559,511**		3,584,725
Fixed income funds		**2,996,527**		3,194,489
Real estate		**417,698**		353,935
Total market value of the investment portfolio	**$**	**9,129,837**	$	9,075,254

The book value of the investments for the year ended January 1, 2026 is $7,290,274 (2025 - $7,146,728).

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, 2025. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2026	2025
Discount rate	**5.00 %**	4.70 %
Increase in pensionable earnings	**3.00 %**	3.00 %
Inflation rate	**2.00 %**	2.00 %

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, 2025 was completed in November 2025 The next actuarial valuation must be performed no later than April 1, 2028.

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, 2025.

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, 2025, the Plan had a going concern excess assets (2022 - unfunded liability) in the amount of $110,500 (2022 - $95,500) and excess assets of $1,533,300 (2022 - $1,278,000) 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, 2025, special funding payments are not required.

The GNWT made quarterly contributions to the Plan based on the most recent actuarial valuation which was as at April 1, 2025. Contribution values are based on the assumption of an annual expected return on Plan assets. The GNWT may reduce contributions to the Plan by the amount of any surplus existing within the Plan 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.

6. Management of capital (continued)

Management has adopted a Statement of Investment Policies and Procedures ("SIPP") for the Plan, which sets investment objectives, guidelines and benchmarks used in investing the Plan's assets, permitted categories of investments, asset mix diversification and rate of return expectations. The Plan's SIPP was approved September 30, 2014. The Plan's management is responsible for ensuring that the Plan assets are managed in accordance with the SIPP and the objectives and goals outlined therein.

The SIPP established asset allocation ranges as follows:

Category	Permitted Range	
Canadian equities	20%	40%
Global equities	15%	35%
Emerging Market equities	0%	10%
Fixed Income	25%	55%
Cash and cash equivalents	0%	10%

The investments as at January 1, 2026 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 Plan may be paid directly by the GNWT or by the trustee from Plan assets. Payments made directly by the GNWT to the Plan are recognized as a corresponding increase to in-kind contributions.

		2026		2025
Actuarial fees	**$**	**40,700**	$	11,170
Audit		**13,684**		14,115
Investment management		**49,325**		48,957
Trustee and custodial fees		**50,826**		50,764
	$	**154,535**	$	125,006

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 Plan's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Plan assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Plan as necessary. While the above policies aid in risk management, the Plan's investments and performance remain subject to risks, the extent of which is discussed below:

Credit risk
Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Plan is exposed to credit risk through its investments in fixed-income securities.

The Plan's credit risk on fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investments.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and assets allocation targets that are designed to manage exposure to concentrated credit risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Plan is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. These principally include fixed-income securities. The Plan manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Plan's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate.

The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates.

The Plan is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole.

Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Plan's investment portfolio related to the accrued pension benefit liability.

As of January 1, 2026, 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 1.8% (2025 - 2.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

8. Risk Management (continued)

Currency risk
Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Plan is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies have underlying foreign currency exposure.

The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

Based on the Plan's net exposure as at January 1, 2026 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 1.9% (2025 - 2.0%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Market risk
Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

Price risk
Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Plan is exposed to other price risk through its holdings in equities.

As of January 1, 2026 had the S&P TSX Capped Composite Index increased or decreased by 10% with all other variables held constant, the impact on the Plan's net assets available for benefits would have been an increase or decrease of 5.6% (2025 - 6.2%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Liquidity risk
Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Plan's financial liabilities consist of accounts payable and accrued liabilities. These amounts are short term in duration and are set to mature within one year.

Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Plan's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Plan is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Plan in the Statement of Financial Position. The GNWT, as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Plan manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments with any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentration of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

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.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bodies, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

All of the Plan's investments are measured subsequent to initial recognition at fair value, based on quoted market prices, and are Level 1 financial instruments.

10. Related party transactions

The Plan receives certain administrative services from the GNWT Departments of Justice and Finance at no charge.

The payment of audit and actuary fees by the GNWT on the Plan’s behalf are recognized as in-kind contributions.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2026

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("the Act"). Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



Jessica St. Arnaud, CPA
Director, Finance

Department of Environment and Climate Change

June 25, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Climate Change 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, 2026, 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 Ac*t of the Northwest Territories (the "Act").

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Natural Resources Conservation Trust Act of the Northwest Territories, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

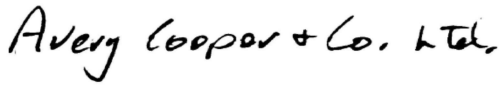
Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves presentation per the Act.

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



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

June 26, 2026

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2026

ASSET

	2026	2025
CURRENT		
Cash	$ 276,613	$ 265,631

LIABILITY

CURRENT		
Accounts payable and accrued liabilities	$ 3,700	$ 4,100

FUND BALANCES

CAPITAL PORTION per page 3	187,828	187,828
INTEREST PORTION per page 3	85,085	73,703
	272,913	261,531
	$ 276,613	$ 265,631

Approved:

Nathen Richea
A/Deputy Minister
Department of Environment and Climate Change

Jessica St. Arnaud, CPA
Director, Finance
Department of Environment and Climate Change

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2026

	2026	2025
REVENUE		
Interest income	$ 14,447	$ 14,030
EXPENSES		
Professional fees	3,065	3,518
EXCESS OF REVENUE OVER EXPENSES	$ 11,382	$ 10,512

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2026

	2026		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 73,703	$ 261,531
Excess of revenue over expenses	-	11,382	11,382
BALANCE, closing	187,828	85,085	272,913
BALANCE, above	187,828	85,085	272,913
CASH EQUITY	$ 187,828	$ 85,085	$ 272,913

	2025		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 63,191	$ 251,019
Excess of revenue over expenses	-	10,512	10,512
BALANCE, closing	187,828	73,703	261,531
BALANCE, above	187,828	73,703	261,531
CASH EQUITY	$ 187,828	$ 73,703	$ 261,531

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

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 Climate Change to administer the Fund.

The Fund is established as a Special Purpose Fund as defined under subsection 1 (1) of the *Financial Administration Act* of the Northwest Territories. As such, the Fund is a part of the Consolidated Revenue Fund of the GNWT.

2. BASIS OF ACCOUNTING

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

(a) Fund accounting

In accordance with the Act, the Fund is administered into two portions, the Capital portion, and the Interest portion.

Capital portion
The Capital portion consists of donations, bequests and other payments for deposit accepted by the Board. The Board may not make payments from the capital portion without prior approval of the Minister; unless the payment is for designated purpose that has been specified by the benefactor. There are no designated funds in the capital portion of the Fund.

Interest portion
The Interest portion consists of interest earned by the Fund. The Financial Management Board fixes the rate of interest earned by the Fund. The Board of Trustees may make payments from the Interest portion of the Fund to persons, groups and programs.

2. BASIS OF ACCOUNTING, continued

(b) Revenue recognition

The Fund follows the deferral method of accounting for contributions. Contributions subject to conditions are recognized as revenue in the year in which the related expenses are incurred. The Board of Trustees may accept donations, bequests or payments that are subject to conditions if the conditions are, in the opinion of the Board, appropriate to the purposes of the Fund. Where the Board accepts such items that are subject to conditions, the Board is bound to comply with those conditions.

Contributions not subject to conditions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

(c) Contributed materials and services

The Department of Environment and Climate Change 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, 2026

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Statement II	Statement of Operations
Statement III	Statement of Changes in Estate & Trust Fund Balance
	Notes to the Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories (the "Public Trustee") is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with the *Public Trustee Act* of the Northwest Territories (the "Act"). Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Act.

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

Public Trustee for the Northwest Territories

Signer ID: RHCQ92E80B...

Yanik D'Aigle
Public Trustee

May 29, 2026

Document ID: 767f7e8a16d724379d6f7d61094479fa12b2b3d48eb5504950befe945beccaec

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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, 2026, 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, 2026, 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.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Public Trustee.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

Yellowknife, NT
May 29, 2026

STATEMENT I

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

BALANCE SHEET
March 31, 2026

ASSETS

	2026	2025
Cash (Note 3)	$11,700,253	$10,855,603
Other assets at nominal value (Note 2b)	1	1
	$11,700,254	$10,855,604

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	$ 196,102	$ 194,456
Public Trustee Management Fund (Note 6)	74,236	38,469
Estate & Trust Fund per Statement III (Note 5)	11,429,916	10,622,679
	$11,700,254	$10,855,604

Approved:

Signer ID: RHCQ92E80B...

Public Trustee for the Northwest Territories

See the accompanying notes.

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PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2026

	2026	2025
Undistributed Common Fund earnings, opening	$ 194,456	$ 201,142
Add:		
Common Fund earnings	616,977	489,624
Less:		
Interest paid to estates and trusts (Statement III)	554,846	470,981
Excess interest paid to the Government of the Northwest Territories	12,218	-
Transfers to Public Trustee Management Fund (Note 6)	48,267	25,329
	615,331	496,310
Increase (decrease) in Undistributed Common Fund earnings balance	1,646	(6,686)
Undistributed Common Fund earnings, closing (Note 4)	$ 196,102	$ 194,456

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, 2026

	2026	2025
Estate & trust funds provided:		
Estate and trust assets received	$ 2,008,289	$ 3,054,950
Common Fund interest paid to estates and trusts (Statement II)	554,846	470,981
	2,563,135	3,525,931
Estate & trust funds applied:		
Payments to beneficiaries	296,711	752,480
Disbursements made on behalf of estates and trusts	1,268,659	988,723
Administration fees (Note 2c)	181,146	131,946
GST on Administration fees	9,057	6,597
Court fees	325	498
	1,755,898	1,880,244
Increase in Estate & Trust Fund balance	807,237	1,645,687
Estate & Trust Fund balance, opening	10,622,679	8,976,992
Estate & Trust Fund balance, closing (Note 5)	$ 11,429,916	$ 10,622,679

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

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 $181,146 (2025 - $131,946) 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, 2026

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:

	2026	2025
Common Fund	$11,429,915	$10,622,678
Other assets at nominal value	1	1
	$11,429,916	$10,622,679

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	2026	2025
Public Trustee Management Fund balance, opening	$38,469	$46,488
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	35,767	4,481
Less:		
Costs incurred in respect of the annual audit	(13,125)	(12,500)
Public Trustee Management Fund balance, closing	$61,112	$38,469

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.