

**ARCTIC ENERGY ALLIANCE**  
**Yellowknife, NT**

**FINANCIAL STATEMENTS**  
**For the year ended March 31, 2015**

## **TABLE OF CONTENTS**

	<b>Page</b>
Management's Responsibility for Reporting	
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 16
Schedule I - Schedule of Deferred Revenue	17
Schedule II - Schedule of Core and Program Revenues and Expenses	18 - 21



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### MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

The accounting firm of Avery, Cooper & Co., Certified General 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.

A handwritten signature in blue ink that reads "Louie Azzolini".

Louie Azzolini  
Executive Director

June 30, 2015



# AVERY, COOPER & CO.

Certified General Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Arctic Energy Alliance

We have audited the accompanying financial statements of Arctic Energy Alliance, which comprise the Statement of Financial Position as at March 31, 2015, and the Statements of Changes in Net Assets, Operations, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arctic Energy Alliance as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



AVERY COOPER IS A MEMBER OF MSI, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT PROFESSIONAL FIRMS

## INDEPENDENT AUDITOR'S REPORT, continued

### *Comparative Information*

Without modifying our opinion, we draw attention to note 3 to the financial statements which describes that Arctic Energy Alliance adopted Canadian public sector accounting standards April 1, 2014 with a transition date of April 1, 2013. These standards were applied retrospectively by management to the comparative information in these financial statements, including the Statements of Financial Position as at March 31, 2014 and April 1, 2013, and the Statements of Changes in Net Assets, Operations, and Cash Flows for the year ended March 31, 2014 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Avery, Cooper & Co.*

Avery, Cooper & Co.  
Certified General Accountants  
Yellowknife, NT

June 30, 2015

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF FINANCIAL POSITION

March 31, 2015

	<b>ASSETS</b>		
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>April 1, 2013</u>
<b>CURRENT</b>			
Cash	\$ 664,045	\$ 611,897	\$ 542,401
Short term investments (note 4)	60,252	60,262	60,278
Accounts receivable (note 5)	525,066	385,341	291,364
Prepaid expenses	<u>37,614</u>	<u>28,192</u>	<u>9,189</u>
	1,286,977	1,085,692	903,232
<b>TANGIBLE CAPITAL ASSETS (note 6)</b>	<u>82,739</u>	<u>64,291</u>	<u>54,360</u>
	<u><u>\$ 1,369,716</u></u>	<u><u>\$ 1,149,983</u></u>	<u><u>\$ 957,592</u></u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Wages and benefits payable	\$ 61,094	\$ 53,843	\$ 59,127
Government remittances payable (note 7)	33,893	55,278	38,738
Trade payables and accruals (note 8)	245,976	240,208	122,986
Provision for rebates (note 9)	43,000	80,000	18,000
Deferred revenue (note 10)	<u>203,487</u>	<u>38,177</u>	<u>60,073</u>
	587,450	467,506	298,924
<b>DEFERRED GOVERNMENT ASSISTANCE (note 11)</b>	<u>25,856</u>	<u>13,062</u>	<u>13,768</u>
	<u><u>613,306</u></u>	<u><u>480,568</u></u>	<u><u>312,692</u></u>
<b>NET ASSETS</b>			
<b>RESERVE per page 2</b>	566,000	541,000	520,000
<b>INVESTED IN TANGIBLE CAPITAL ASSETS page 2</b>	56,884	51,230	40,593
<b>ACCUMULATED SURPLUS per page 2</b>	<u>133,526</u>	<u>77,185</u>	<u>84,307</u>
	<u><u>756,410</u></u>	<u><u>669,415</u></u>	<u><u>644,900</u></u>
	<u><u><u>\$ 1,369,716</u></u></u>	<u><u><u>\$ 1,149,983</u></u></u>	<u><u><u>\$ 957,592</u></u></u>

Approved:



Director



Director

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2015

	2015			
	Accumulated Surplus	Reserve	Invested in Tangible Capital Assets	Total
<b>BALANCE, opening</b>	\$ 77,185	\$ 541,000	\$ 51,230	\$ 669,415
Excess of revenues over expenses	86,995	-	-	86,995
Transfers (note 12)	(25,000)	25,000	-	-
Purchase of tangible capital assets	(29,657)	-	29,657	-
Amortization of tangible capital assets	11,209	-	(11,209)	-
Deferred government assistance	15,000	-	(15,000)	-
Amortization of deferred government assistance	(2,206)	-	2,206	-
<b>BALANCE, closing</b>	<b><u>\$ 133,526</u></b>	<b><u>\$ 566,000</u></b>	<b><u>\$ 56,884</u></b>	<b><u>\$ 756,410</u></b>
	2014			
	Accumulated Surplus	Reserve	Invested in Tangible Capital Assets	Total
<b>BALANCE, opening</b>	\$ 84,307	\$ 520,000	\$ 40,593	\$ 644,900
Excess of revenues over expenses	24,515	-	-	24,515
Transfers	(21,000)	21,000	-	-
Purchase of tangible capital assets	(18,771)	-	18,771	-
Amortization of tangible capital assets	8,840	-	(8,840)	-
Amortization of deferred government assistance	(706)	-	706	-
<b>BALANCE, closing</b>	<b><u>\$ 77,185</u></b>	<b><u>\$ 541,000</u></b>	<b><u>\$ 51,230</u></b>	<b><u>\$ 669,415</u></b>

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF OPERATIONS

For the year ended March 31, 2015

	2015 Budget	2015 Actual	2014 Actual
<b>REVENUES</b>			
Contributions from GNWT	\$ 2,978,935	\$ 2,668,776	\$ 2,702,310
Contributions from Canada	18,950	17,263	8,950
Other source income	389,001	351,196	348,077
Membership fees	277,500	277,500	277,500
Interest income	<u>9,000</u>	<u>11,780</u>	<u>10,116</u>
	<u>3,673,386</u>	<u>3,326,515</u>	<u>3,346,953</u>
<b>EXPENSES</b>			
Advertising and promotion	45,200	56,718	16,764
Amortization	9,000	11,209	8,840
Bad debts	13,000	-	801
Carbon offset	2,000	-	-
Consulting fees	366,542	254,906	357,078
Equipment rental	14,905	12,563	3,537
Facility rental and tradeshow fees	9,860	6,941	7,678
Fees and dues	4,004	4,062	5,491
Hospitality	15,112	4,837	10,818
Insurance	13,800	13,672	11,559
Interest and bank charges	2,700	3,022	2,525
Office and general	120,987	132,099	174,920
Professional development	38,140	20,414	38,784
Professional fees	22,441	36,714	21,014
Rebates	586,438	641,916	502,362
Rent and utilities	145,100	138,542	136,164
Telephone, Internet & Website	21,700	26,705	20,411
Travel and accommodation	244,426	185,621	228,402
Wages and benefits	<u>1,894,199</u>	<u>1,689,579</u>	<u>1,775,290</u>
	<u>3,569,554</u>	<u>3,239,520</u>	<u>3,322,438</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b><u>\$ 103,832</u></b>	<b><u>\$ 86,995</u></b>	<b><u>\$ 24,515</u></b>

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from GNWT	\$ 2,611,069	\$ 2,535,635
Cash receipts from Government of Canada	11,429	-
Cash receipts from other sources	471,309	425,365
Cash receipts from membership fees	272,500	237,500
Cash receipts from interest	10,980	9,319
Contributions repaid	(48,177)	(2,965)
Cash paid for wages and benefits	(1,703,711)	(1,769,685)
Cash paid for materials and services	<u>(1,552,403)</u>	<u>(1,347,720)</u>
	<u>72,996</u>	<u>87,449</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(21,658)</u>	<u>(18,771)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of short term investments	60,810	60,818
Purchase of short term investments	<u>(60,000)</u>	<u>(60,000)</u>
	<u>810</u>	<u>818</u>
<b>INCREASE IN CASH</b>	<b>52,148</b>	<b>69,496</b>
<b>CASH, opening</b>	<b><u>611,897</u></b>	<b><u>542,401</u></b>
<b>CASH, closing</b>	<b><u>\$ 664,045</u></b>	<b><u>\$ 611,897</u></b>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 1. NATURE OF OPERATIONS

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Cash equivalents

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

#### (b) Financial instruments

The Society measures all its financial assets and financial liabilities at amortized cost except for short term investments which are measured at fair value.

#### (c) Tangible capital assets

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

Computer equipment	30% Declining balance
Computer software	5 years Straight-line
Heating equipment	20 years Straight-line
Office equipment	20% Declining balance

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

The Society considers capital expenditures with individual items costing \$5,000 or more to be tangible capital assets.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 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 of its 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, and other administrative expenses are allocated to programs, as applicable, at a 15% rate, or a predetermined rate.

#### (g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for 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, the provision for EEIP rebates, credit losses, and asset retirement obligations, the allocation of administrative expenses to programs, and the allocation of certain wages and benefits expenses to programs.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

Effective April 1, 2014, the Society elected to apply the standards for government not-for-profit organizations in the CPA Canada Public Sector Accounting Handbook with Sections PS 4200 to PS 4270.

These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in note 2 have been applied in accordance with Section PS 2125, "First-time adoption" in preparing the financial statements for the year ended March 31, 2015, the comparative information for the year ended March 31, 2014 and in the preparation of an opening statement of financial position as at April 1, 2013, which is the organization's date of transition to Canadian public sector accounting standards (PSAS).

The Society previously issued financial statements for the year ended March 31, 2014 using Canadian accounting standards for not-for-profit organizations prescribed by Part III of the CPA Canada Handbook – Accounting.

The adoption of PSAS has had no impact on the previously reported assets, liabilities and net assets of the Society, and accordingly, no adjustments have been recorded in the comparative statements of financial position, statement of operations, statement of changes in net assets and statement of cash flows. Certain of the organization's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of PSAS.

### 4. SHORT TERM INVESTMENTS

Short term investments consist of a non-redeemable guaranteed investment certificate (GIC) held with the Bank of Nova Scotia, 1.30% (2014 - 1.35%) interest per annum, matures December 4, 2015, to secure a credit card.

### 5. ACCOUNTS RECEIVABLE

	2015	2014
Contributions receivable:		
Government of the Northwest Territories (Schedule I)	\$ 390,706	\$ 183,743
Government of Canada	<u>14,784</u>	<u>8,950</u>
Total contributions receivable	405,490	192,693
Members	15,000	10,000
Other	118,888	196,960
Allowance for doubtful accounts	<u>(14,312)</u>	<u>(14,312)</u>
	<u><u>\$ 525,066</u></u>	<u><u>\$ 385,341</u></u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 5. ACCOUNTS RECEIVABLE, continued

Under the Commercial Energy Conservation & Efficiency Program (CECEP) with the GNWT-ENR, the Society assists business owners in determining the most beneficial building upgrades by performing Targeted Energy Audits.

As at March 31, 2015, the Society performed Targeted Energy Audits for which clients were invoiced a total of \$nil (2014 - \$15,000). In accordance with the program guidelines, the Society waives the audit fee contingent on the business owners committing to making energy efficiency upgrades within six months after the audit is completed. Accordingly, \$nil (2014 - \$15,000) in unpaid audit fees have not been included in these financial statements until the period in which they are received or receivable. During the year, the Society waived such fees in accordance with the program guidelines.

### 6. TANGIBLE CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 7,473	\$ 7,473	\$ -	\$ 1,525
Computer software	33,028	6,714	26,314	9,097
Heating equipment	36,242	3,730	32,512	26,124
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	18,547	23,913	27,545
	<u>\$ 146,599</u>	<u>\$ 63,860</u>	<u>\$ 82,739</u>	<u>\$ 64,291</u>

During the year, the Society purchased tangible capital assets with a cost of \$29,657 (2014 - \$18,771) of which \$8,000 (2014 - \$nil) was acquired by assuming directly related liabilities and the balance of \$21,658 (2014 - \$18,771) was paid cash.

Net assets invested in tangible capital assets as at March 31, 2015 are as follows:

	2015		2014	
Tangible capital assets		\$ 82,739	\$ 64,291	
Deferred government assistance		(25,855)	(13,061)	
Net assets invested in tangible capital assets per page 2		<u>\$ 56,884</u>	<u>\$ 51,230</u>	

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 7. GOVERNMENT REMITTANCES PAYABLE

	<u>2015</u>	<u>2014</u>
GST payable	\$ -	\$ 5,651
Payroll remittances payable	22,487	37,843
Related parties:		
Workers' Safety and Compensation Commission	8,634	8,601
GNWT - Department of Finance	<u>2,772</u>	<u>3,183</u>
	<u><u>\$ 33,893</u></u>	<u><u>\$ 55,278</u></u>

### 8. TRADE PAYABLES AND ACCRUALS

	<u>2015</u>	<u>2014</u>
Accrued liabilities:		
EEIP rebates	\$ 6,921	\$ 23,151
Other	<u>37,301</u>	<u>26,463</u>
Total accrued liabilities	44,222	49,614
Trade payables	<u>201,754</u>	<u>190,594</u>
	<u><u>\$ 245,976</u></u>	<u><u>\$ 240,208</u></u>

### 9. PROVISION FOR REBATES

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

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

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 9. PROVISION FOR REBATES, continued

The Society provides for such rebates by using best estimates based on previous past purchases history. Actual rebates paid could materially differ from those estimates. The provision is reviewed periodically, and as adjustments become necessary, any rebates paid during the year previously provided for, which are in excess of the provision amount, is reported below as additional prior year rebates. Changes during the year in the provision for EEIP rebates are as follows:

	2015	2014
Provision for the current year	\$ 43,000	\$ 80,000
Rebates paid previously provided for	(59,017)	(46,518)
Additional prior year rebates	-	28,518
Unused provision reversed (note 10)	<u>(20,983)</u>	<u>-</u>
Change in provision during the year	(37,000)	62,000
Provision for rebates, opening	<u>80,000</u>	<u>18,000</u>
Provision for rebates, closing	<u><u>\$ 43,000</u></u>	<u><u>\$ 80,000</u></u>

### 10. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Environment and Natural Resources (ENR), 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.

	2015	2014
Restricted contributions balance, opening	\$ 38,177	\$ 10,073
Receipts	2,430,700	2,535,635
Funding receivable	404,595	192,693
In-kind (note 15)	14,000	14,000
Transfer unused EEIP contributions (note 9)	20,983	-
Repayments	(48,177)	(2,964)
Transfer to deferred government assistance	(15,000)	-
Funding expended	<u>(2,686,039)</u>	<u>(2,711,260)</u>
Restricted contributions balance, closing	159,239	38,177
Fee for service received in advance	<u>44,248</u>	<u>-</u>
Total deferred revenue	<u><u>\$ 203,487</u></u>	<u><u>\$ 38,177</u></u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 10. DEFERRED REVENUE, continued

In addition, during the year, included in revenues from other source income in Schedule II are in-kind contributions with a fair value of \$nil (2014 - \$10,724) received from third parties.

### 11. DEFERRED GOVERNMENT ASSISTANCE

	2015		2014	
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology:				
Wood pellet boiler	\$ 14,121	\$ 1,765	\$ 12,356	\$ 13,062
GNWT-ENR - Energy Efficiency Incentive Program: Database	<u>15,000</u>	<u>1,500</u>	<u>13,500</u>	<u>-</u>
	<u>\$ 29,121</u>	<u>\$ 3,265</u>	<u>\$ 25,856</u>	<u>\$ 13,062</u>

### 12. RESERVE

During the year, Arctic Energy Alliance transferred \$25,000 (2014 - \$21,000) from unrestricted net assets to set aside net assets in order to meet its capital management objectives as described in note 16. The reserve at March 31, 2015 of \$566,000 (2014 - \$541,000) represents the minimum required net assets to support at least three months of operating costs. This internally restricted reserve is not available for unrestricted purposes without approval of the Board of Directors.

The Society continually monitors net financial assets to measure the future revenues required to pay for past transactions and events, and the extent to which the costs of services provided in the year have been met by the revenues recognized in the year. Net financial assets at year end represents the difference between the Society's financial assets and its liabilities as detailed in note 16.

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

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 12. RESERVE, continued

	2015 Budget	2015 Actual	2014 Actual
Excess of revenues over expenses per page 3	\$ 103,832	\$ 86,995	\$ 24,515
Acquisition of tangible capital assets	(35,000)	(29,657)	(18,771)
Amortization of tangible capital assets	9,000	11,209	8,840
Acquisition of prepaid expenses	-	(55,722)	(54,597)
Use of prepaid expenses	-	46,300	35,594
Deferred government assistance additions	-	15,000	-
Amortization - deferred government assistance	-	(2,206)	(706)
 Increase (decrease) in net financial assets	 77,832	 71,919	 (5,125)
Net financial assets, opening	<u>589,994</u>	<u>589,994</u>	<u>595,119</u>
Net financial assets, closing (note 16)	<u>\$ 667,826</u>	<u>\$ 661,913</u>	<u>\$ 589,994</u>

### 13. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2015	2014
Government of the Northwest Territories	\$ 150,000	\$ 150,000
Government of Nunavut	50,000	50,000
GNWT - Crown Corporations	67,500	67,500
Other	<u>10,000</u>	<u>10,000</u>
 \$ 277,500	 <u>\$ 277,500</u>	 <u>\$ 277,500</u>

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

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 13. MEMBERSHIP FEES, continued

	<u>2015</u>	<u>2014</u>
GNWT:		
Department of Environment and Natural Resources	\$ 50,000	\$ 50,000
Department of Public Works and Services	50,000	50,000
Department of Municipal and Community Affairs	<u>50,000</u>	<u>50,000</u>
	<u>150,000</u>	<u>150,000</u>
GNWT - Crown Corporations:		
NWT Housing Corporation	50,000	50,000
Northwest Territories Power Corporation	5,000	5,000
Public Utilities Board of the Northwest Territories	<u>12,500</u>	<u>12,500</u>
	<u>67,500</u>	<u>67,500</u>
	<u><u>\$ 217,500</u></u>	<u><u>\$ 217,500</u></u>

### 14. FINANCIAL INSTRUMENTS

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

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 15. COMMITMENTS

The Society has entered into operating leases for office space in Yellowknife and for vehicle equipment. Future minimum lease payments are as follows.

	Office Space	Vehicle Equipment	Total
2016	\$ 66,420	\$ 20,580	\$ 87,000
2017	<u>66,420</u>	<u>1,715</u>	<u>68,135</u>
	<u>\$ 132,840</u>	<u>\$ 22,295</u>	<u>\$ 155,135</u>

Commencing September 2010 and included in revenue, is in-kind contributions regarding office space in Norman Wells, NWT with a fair value of \$14,000 per annum (2014 - \$14,000) from the GNWT-ENR with no specified expiry date. The office is in connection with the Regional Offices program.

### 16. 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.

Arctic Energy Alliance manages funding risk by establishing internally restricting net assets. Funding risk may result from an inability to obtain government funding in a timely manner during contribution agreement negotiations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at March 31, 2015, 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, 2015 are as follows:

	2015	2014
Net assets per page 2	<u>\$ 756,410</u>	<u>\$ 669,415</u>
Less: Non-financial assets		
Prepaid expenses	37,614	28,192
Tangible capital assets	82,739	64,291
Deferred government assistance	<u>(25,856)</u>	<u>(13,062)</u>
	<u>94,497</u>	<u>79,421</u>
Net financial assets (note 12)	<u>\$ 661,913</u>	<u>\$ 589,994</u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 17. SUPPLEMENTAL CASH FLOW INFORMATION

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

	<u>2015</u>	<u>2014</u>
Excess of revenues over expenses per page 3	\$ 86,995	\$ 24,515
Items not affecting cash:		
Amortization of tangible capital assets	11,209	8,840
Amortization of deferred government assistance	(2,206)	(706)
Increase in deferred government assistance	15,000	-
Change in accrued interest from GICs	10	16
Interest income received relating to short term investments	<u>(810)</u>	<u>(818)</u>
	<u>110,198</u>	<u>31,847</u>
Net change in non-cash working capital accounts:		
Increase in accounts receivable	(139,725)	(93,977)
Increase in prepaid expenses	(9,421)	(19,003)
Increase (decrease) in wages and benefits payable	7,251	(5,284)
Increase (decrease) in government remittances payable	(21,385)	16,540
Increase (decrease) in trade payables and accruals	(2,232)	117,222
Increase (decrease) in provision for rebates	(37,000)	62,000
Increase (decrease) in deferred revenue	<u>165,310</u>	<u>(21,896)</u>
	<u>(37,202)</u>	<u>55,602</u>
Cash flows from operating activities per page 4	<u>\$ 72,996</u>	<u>\$ 87,449</u>

### 18. ALLOCATED EXPENSES

During the year, the Society allocated \$268,537 (2014 - \$243,515) representing administration and overhead allocated to programs at a 15% rate. These inter-program allocations have been eliminated in the Statement of Operations and in Schedule II.

### 19. BUDGET AMOUNTS

The 2015 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### 20. RELATED PARTIES

The Society is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Society enters into transactions with these entities in the normal course of operations and on normal trade terms applicable to all parties except that certain services are provided without charge (note 15). The Workers' Safety and Compensation Commission is significantly influenced by the GNWT. The amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

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

	<u>2015</u>	<u>2014</u>
Revenue		
Fee for service:		
GNWT - Department of Public Works and Services	\$ 1,219	\$ -
Northwest Territories Power Corporation	- -	1,500
NWT Housing Corporation	32,780	102,335
Aurora College	<u>6,250</u>	<u>28,623</u>
	<u><u>\$ 40,249</u></u>	<u><u>\$ 132,458</u></u>
Expenses		
Aurora College - Rent	\$ 14,426	\$ 15,862
NWT Housing Corporation	- -	2,976
Workers' Safety and Compensation Commission	<u>8,073</u>	<u>7,422</u>
	<u><u>\$ 22,499</u></u>	<u><u>\$ 26,260</u></u>
Receivables from related parties:		
GNWT-ENR (Schedule I)	\$ 390,706	\$ 183,743
GNWT-Department of Public Works and Services	1,280	- -
Northwest Territories Power Corporation	5,000	10,525
NWT Housing Corporation	29,679	88,014
Aurora College	<u>- -</u>	<u>25,716</u>
	<u><u>\$ 426,665</u></u>	<u><u>\$ 307,998</u></u>
Payables to related parties: Aurora College	<u><u>\$ 3,634</u></u>	<u><u>\$ 3,464</u></u>

### 21. COMPARATIVE FIGURES

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

# ARCTIC ENERGY ALLIANCE

Schedule I

## SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2015

Program	(note 10)									(Schedule II)								
		Cash		(note 10)	(note 10)	(note 10)	(note 10)	(note 10)	(note 10)	(note 10)	(note 10)							
		Opening balance	funding received															
<b>CONTRIBUTIONS</b>																		
<b>GOVERNMENT OF CANADA</b>																		
<b>Department of Natural Resources (NRCan)</b>																		
NRCan ecoEnergy for Building & New Housing (EGNH)	\$ -	\$ -	\$ -	\$ 13,889	\$ -	\$ -	\$ -	\$ 13,889	\$ 13,889	\$ -								
<b>Employment and Social Development Canada (ESDC)</b>																		
Canada Summer Jobs	-	3,374	-	-	-	-	-	3,374	3,374	-								
<b>Total Government of Canada</b>	-	3,374	-	13,889	-	-	-	17,263	17,263	-								
<b>GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)</b>																		
<b>Department of Environment and Natural Resources (ENR)</b>																		
Core Support	-	150,000	-	-	-	-	50,000	200,000	200,000	-								
Alternative Energy Technologies Program (AETP)	-	250,000	-	10,593	-	-	-	260,593	260,593	-								
Community Energy Program (CEP) Smart Micro-Grid, Jean Marie River	-	10,000	-	-	(10,000)	-	-	-	-	-								
CEP Solar Demonstration Kits Trailer and Shipping	-	12,000	-	2,342	-	-	-	14,342	14,342	-								
CEP Yellowknife Solar Fair	-	7,326	-	-	-	-	-	7,326	7,326	-								
Commercial Energy Conservation & Efficiency Program (CECEP)	-	150,000	-	68,891	-	-	-	218,891	218,891	-								
Energy Conservation Program, Sahtu Region																		
Wood Energy Technology Transfer (WETT)	-	25,000	-	7,000	-	20,995	52,995	52,995	52,995	-								
Energy Efficiency Incentive Program (EEIP)	37,661	350,000	-	87,142	(37,661)	5,983	443,125	422,142	20,983									
Energy Rating Services Support (ERS)	-	130,000	-	20,000	-	-	150,000	150,000	150,000	-								
Electric Hot Water Heaters Replacement (HWH)	-	250,000	-	-	-	-	250,000	193,344	56,656									
Electric Vehicle Testing	-	18,500	-	-	-	-	18,500	18,500	18,500	-								
Energy Management Program (EMP)	-	210,000	-	-	-	-	210,000	192,595	17,405									
Implementation Building Audits (NWT Association of Communities)	-	-	-	-	-	23,939	23,939	23,939	23,939	-								
NWT Biomass Energy	-	150,000	-	5,939	-	-	155,939	155,939	155,939	-								
Regional Offices	-	700,000	14,000	188,799	-	(94,934)	807,865	756,689	51,176									
Renewable Energy Cooperative Formation (RECF)	-	14,500	-	-	-	-	14,500	1,481	13,019									
Targeted Biomass	516	-	-	(516)	-	-	-	-	-									
<b>Total ENR</b>	38,177	2,427,326	14,000	390,706	(48,177)	5,983	2,828,015	2,668,776	159,239									
<b>Total contributions</b>	\$ 38,177	\$ 2,430,700	\$ 14,000	\$ 404,595	\$ (48,177)	\$ 5,983	\$ 2,845,278	\$ 2,686,039	\$ 159,239									

**ARCTIC ENERGY ALLIANCE**

**Schedule II**

**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

For the year ended March 31, 2015

	ENR- Building	ENR- Audits	ENR- AETP	ENR- CECEP
	Core Support	(NWTAC)		
	Total			
<b>REVENUES</b>				
Contributions from GNWT	\$ 2,683,776	\$ 200,000	\$ 23,939	\$ 260,593
Contributions from Canada	17,263	3,374	-	-
Other source income	348,990	469,366	137,261	-
Membership fees	277,500	277,500	-	-
Interest income	11,780	11,780	-	-
	<b>3,339,309</b>	<b>962,020</b>	<b>161,199</b>	<b>260,593</b>
				<b>218,891</b>
<b>EXPENDITURES</b>				
Administration fees	-	-	-	15,000
Advertising and promotion	60,467	6,194	158	81
Consulting fees	275,846	51,251	33,026	-
Equipment rental	14,320	3,537	-	-
Facility rental and tradeshow fees	5,717	820	-	-
Fees and dues	4,062	744	-	-
Hospitality	4,837	1,073	-	-
Insurance	13,672	12,224	-	-
Interest and bank charges	3,022	3,022	-	-
Office and general	138,870	48,932	996	848
Professional development	25,733	1,396	-	2,729
Professional fees	36,714	36,714	-	-
Rebates	641,916	(450)	-	192,662
Rent and utilities	138,542	92,396	-	-
Telephone, Internet & Website	26,600	20,042	-	-
Travel and accommodation	186,764	29,221	31,248	2,764
Wages and benefits	1,690,309	602,115	76,175	46,509
	<b>3,267,389</b>	<b>909,230</b>	<b>141,603</b>	<b>260,593</b>
				<b>218,891</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS (note 12)</b>	<b>71,920</b>	<b>52,790</b>	<b>19,596</b>	<b>-</b>
<b>TRANSFERS FROM (TO):</b>				
Acquisition of tangible capital assets	29,657	13,413	-	-
Amortization of tangible capital assets	(11,209)	(11,209)	-	-
Acquisition of prepaid expenses	55,722	32,137	-	1,077
Use of prepaid expenses	(46,300)	(42,380)	-	-
Deferred government assistance additions	(15,000)	-	-	-
Amortization of deferred government assistance	2,206	706	-	-
	<b>15,076</b>	<b>(7,332)</b>	<b>-</b>	<b>1,077</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES per page 3 (note 12)</b>	<b>\$ 86,995</b>	<b>\$ 45,458</b>	<b>\$ 19,596</b>	<b>\$ 1,077</b>

**ARCTIC ENERGY ALLIANCE**

**Schedule II**

**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

For the year ended March 31, 2015

	ENR- CEP Yellowknife Solar Fair	ENR- ECP WETT Sahtu Region	ENR- EEIP	ENR- ERS	ENR- HWH
<b>REVENUES</b>					
Contributions from GNWT	\$ 7,326	\$ 52,995	\$ 437,142	\$ 150,000	\$ 193,344
Contributions from Canada	-	-	-	-	-
Other source income	-	-	-	8,250	-
Membership fees	-	-	-	-	-
Interest income	-	-	-	-	-
	<b>7,326</b>	<b>52,995</b>	<b>437,142</b>	<b>158,250</b>	<b>193,344</b>
<b>EXPENDITURES</b>					
Administration fees	-	500	14,813	23,100	12,600
Advertising and promotion	3,126	-	942	-	-
Consulting fees	3,958	40,338	18,309	415	105,834
Equipment rental	242	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	633	-
Hospitality	-	1,261	-	-	171
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	-	-	535	1,300	27,960
Professional development	-	-	2,996	2,500	-
Professional fees	-	-	-	-	-
Rebates	-	-	328,704	-	-
Rent and utilities	-	-	-	-	-
Telephone, Internet & Website	-	-	-	-	-
Travel and accommodation	-	1,500	11	177	10,584
Wages and benefits	-	9,398	70,833	132,473	36,194
	<b>7,326</b>	<b>52,997</b>	<b>437,142</b>	<b>160,597</b>	<b>193,344</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS (note 12)</b>					
	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(2,347)</b>	<b>-</b>
<b>TRANSFERS FROM (TO):</b>					
Acquisition of tangible capital assets	-	-	16,243	-	-
Amortization of tangible capital assets	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	1,890	-
Use of prepaid expenses	-	-	-	-	-
Deferred government assistance additions	-	-	(15,000)	-	-
Amortization of deferred government assistance	-	-	1,500	-	-
	<b>-</b>	<b>-</b>	<b>2,743</b>	<b>1,890</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES per page 3 (note 12)</b>					
	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ 2,743</b>	<b>\$ (457)</b>	<b>\$ -</b>

**ARCTIC ENERGY ALLIANCE**

**Schedule II**

**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

For the year ended March 31, 2015

	<b>ENR- Electric Vehicle Testing</b>	<b>ENR- EMP</b>	<b>ENR- NWT Biomass Energy</b>	<b>ENR- Regional Offices</b>	<b>ENR- CEP Solar Demo Kits</b>
<b>REVENUES</b>					
Contributions from GNWT	\$ 18,500	\$ 192,595	\$ 155,939	\$ 756,690	\$ 14,342
Contributions from Canada	-	-	-	-	-
Other source income	-	-	-	-	-
Membership fees	-	-	-	-	-
Interest income	-	-	-	-	-
	<b>18,500</b>	<b>192,595</b>	<b>155,939</b>	<b>756,690</b>	<b>14,342</b>
<b>EXPENDITURES</b>					
Administration fees	200	31,500	25,325	130,000	-
Advertising and promotion	-	5,996	19,911	21,841	-
Consulting fees	2,407	1,794	14,028	1,857	-
Equipment rental	10,541	-	-	-	-
Facility rental and tradeshow fees	-	2,612	-	2,285	-
Fees and dues	65	2,031	457	-	132
Hospitality	-	-	372	1,960	-
Insurance	1,362	-	-	-	86
Interest and bank charges	-	-	-	-	-
Office and general	4,692	5,056	122	34,891	10,050
Professional development	-	3,749	3,753	5,858	-
Professional fees	-	-	-	-	-
Rebates	-	-	-	-	-
Rent and utilities	-	-	-	46,146	-
Telephone, Internet & Website	-	-	191	6,368	-
Travel and accommodation	-	1,196	6,875	100,252	1,603
Wages and benefits	-	138,661	84,906	405,233	2,471
	<b>19,267</b>	<b>192,595</b>	<b>155,939</b>	<b>756,690</b>	<b>14,342</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS (note 12)</b>					
	<b>(767)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS FROM (TO):</b>					
Acquisition of tangible capital assets	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Acquisition of prepaid expenses	1,757	4,832	12,754	1,275	-
Use of prepaid expenses	-	(2,612)	-	(1,308)	-
Deferred government assistance additions	-	-	-	-	-
Amortization of deferred government assistance	-	-	-	-	-
	<b>1,757</b>	<b>2,220</b>	<b>12,754</b>	<b>(33)</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES per page 3 (note 12)</b>					
	<b>\$ 989</b>	<b>\$ 2,220</b>	<b>\$ 12,754</b>	<b>\$ (33)</b>	<b>\$ -</b>

## SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES

For the year ended March 31, 2015

	ENR- RECP	NRCAn- EGNH	(note 18) Eliminations
<b>REVENUES</b>			
Contributions from GNWT	\$ 1,481	\$ -	\$ -
Contributions from Canada	-	13,889	-
Other source income	-	2,650	(268,538)
Membership fees	-	-	-
Interest income	-	-	-
	<hr/>	<hr/>	<hr/>
	1,481	16,539	(268,538)
<b>EXPENDITURES</b>			
Administration fees	500	-	(268,538)
Advertising and promotion	-	-	-
Consulting fees	-	2,612	-
Equipment rental	-	-	-
Facility rental and tradeshow fees	-	-	-
Fees and dues	-	-	-
Hospitality	-	-	-
Insurance	-	-	-
Interest and bank charges	-	-	-
Office and general	-	764	-
Professional development	-	-	-
Professional fees	-	-	-
Rebates	-	-	-
Rent and utilities	-	-	-
Telephone, Internet & Website	-	-	-
Travel and accommodation	-	-	-
Wages and benefits	981	10,513	-
	<hr/>	<hr/>	<hr/>
	1,481	13,889	(268,538)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS (note 12)</b>			
	-	2,650	-
	<hr/>	<hr/>	<hr/>
<b>TRANSFERS FROM (TO):</b>			
Acquisition of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	-	-
Acquisition of prepaid expenses	-	-	-
Use of prepaid expenses	-	-	-
Deferred government assistance additions	-	-	-
Amortization of deferred government assistance	-	-	-
	<hr/>	<hr/>	<hr/>
	-	-	-
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES per page 3 (note 12)</b>			
	\$ -	\$ 2,650	\$ -
	<hr/>	<hr/>	<hr/>