

NORTHWEST TERRITORIES OPPORTUNITIES FUND

Financial Statements

For the year ended

March 31, 2013

Northwest Territories Opportunities Fund**Financial Statements**

March 31, 2013**Page**

Management's Responsibility for Financial Reporting	3
Independent Auditor's Report	4 - 5
Statement of Financial Position	6
Statement of Operations and Accumulated Surplus	7
Statement of Change in Net Financial Resources	8
Statement of Cash Flow	9
Notes to the Financial Statements	10 - 11

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Northwest Territories Opportunities Fund (the "Fund") have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the financial statements include estimates based on careful consideration of the information available to management.

Management maintains financial and management systems and practices which are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper books of account are maintained, reliable financial information is available on a timely basis, and the Fund complies with the relevant authorities and policies approved by the Board of Directors. Management also recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and for maintaining the standards of conduct that are appropriate for a public agency of the Government of the Northwest Territories.

Avery, Cooper & Co. provides an independent, objective audit for the purpose of expressing an opinion on the financial statements of the Fund. They also consider whether the transactions that have come to their notice during the course of the audit were, in all significant respects, in accordance with the specified authorities.

Peter Vician
Chair

Kelly Kaylo
President

DATE
Yellowknife, Canada



AVERY, COOPER & CO.

Certified General Accountants

Toll-Free: 1-800-661-0787

Website: wwwaverycooper.com

Gerald F. Avery, FCGA
W. Brent Hinchee, B. Comm., C.G.A.
Cathy A. Cudmore, B. Rec, C.G.A.

4918 - 50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
Telephone: (867) 873-3441
Facsimile: (867) 873-2353

INDEPENDENT AUDITOR'S REPORT

To the Minister of Industry, Tourism and Investment

Report on the Financial Statements

We have audited the accompanying financial statements of the Northwest Territories Opportunities Fund, which comprise the statement of financial position as at March 31, 2013, and the statement of operations and accumulated surplus, statement of change in net financial resources and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

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 the 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 public sector accounting 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 entity'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 entity'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 the Northwest Territories Opportunities Fund as at March 31, 2013, and the results of its operations, changes in its net financial resources, 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

FINAL DRAFT

INDEPENDENT AUDITOR'S REPORT, continued

Other Matters

The financial statements of the Northwest Territories Opportunities Fund for the year ended March 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on August 21, 2012.

Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the Northwest Territories Opportunities Fund and the financial statements are in agreement therewith. In addition, the transactions of the Northwest territories Opportunities Fund that have come to our notice during the audit of the financial statements have, in all significant respects, been in accordance with the Northwest Territories Societies Act and regulations, the Northwest Territories Opportunities Fund's by-laws, the Immigration and Refugee Protection Regulations of Canada and the Fund Agreement between the Northwest Territories Opportunities Fund and the Minister of Citizenship and Immigration of Canada, dated October 1, 2003.

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

DATE

Northwest Territories Opportunities Fund**Statement of Financial Position**

As at March 31, 2013	2013	2012
Financial assets		
Cash and cash equivalents (note 3)	\$ 7,240,365	\$ 8,208,311
Accrued interest receivable	1,527	2,082
Total financial assets	7,241,892	8,210,393
Liabilities		
Accounts payable	9,677	15,499
Total liabilities	9,677	15,499
Net financial resources	7,232,215	8,194,894
Accumulated surplus	\$ 7,232,215	\$ 8,194,894

Approved by the Board

Chairman of the Board

President of the Board

The accompanying notes are an integral part of these financial statements

Northwest Territories Opportunities Fund

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2013

2013

2012

Revenue

Interest income	\$ 92,722	\$ 4,479,548
Government contribution - services provided without charge (note 4)	33,420	55,297
	126,142	4,534,845

Expenses

Administration services (note 4)	33,420	55,297
Amortization of loan origination fees	-	1,561,790
Bank charges and investment fees	7,813	94,096
Professional fees	7,588	36,427
Economic Opportunity Strategy and Mineral Development Strategy contributions	1,040,000	-
	1,088,821	1,747,610

Annual surplus before other items (962,679) 2,787,235

Other items

Loss on settlement of loan receivable	-	(2,234,089)
Additional amortization of loan origination fees recognized upon early repayment of long-term debt (note 1)	-	(3,125,406)

Annual surplus (deficit) (962,679) (2,572,260)

Accumulated surplus at beginning of year 8,194,894 10,767,154

Accumulated surplus at end of year **\$ 7,232,215** **\$ 8,194,894**

The accompanying notes are an integral part of these financial statements

Northwest Territories Opportunities Fund**Statement of Change in Net Financial Resources**

For the year ended March 31, 2013	2013	2012
Net financial resources at beginning of year	\$ 8,194,894	\$ 10,767,154
Annual surplus (deficit)	(962,679)	(2,572,260)
Net financial resources at end of year	\$ 7,232,215	\$ 8,194,894

The accompanying notes are an integral part of these financial statements

Northwest Territories Opportunities Fund

Statement of Cash Flow

For the year ended March 31, 2013	2013	2012
Operating transactions		
Interest income received	\$ 93,276	\$ 4,536,726
Bank charges and investment fees paid	(7,813)	(94,096)
Cash paid to suppliers	(13,409)	(20,926)
Contributions to Economic Opportunity Strategy and Mineral Development Strategy	(1,040,000)	-
Total cash provided by operating transactions	(967,946)	4,421,704
Investing transactions		
Proceeds from repayment of loan receivable	-	32,017,417
Total cash provided by investing transactions	-	32,017,417
Financing transactions		
Proceeds from long-term debt	-	-
Repayment of long-term debt	-	(130,892,826)
Loan origination fees paid	-	-
Total cash applied to financing transactions	-	(130,892,826)
Decrease in cash and cash equivalents	(967,946)	(94,453,705)
Cash and cash equivalents at beginning of year	8,208,311	102,662,016
Cash and cash equivalents at end of year	\$ 7,240,365	\$ 8,208,311

The accompanying notes are an integral part of these financial statements

Northwest Territories Opportunities Fund

Notes to the Financial Statements

March 31, 2013

1. Authority and operations

The Northwest Territories Opportunities Fund (the "Fund") was established by the Government of the Northwest Territories (the Government) under the Northwest Territories *Societies Act* to receive and invest the Northwest Territories' share of immigrant investor funds received under the federal Immigrant Investor Program (IIP). The Fund's operations are overseen by a Board of Directors appointed by the Minister of Industry, Tourism and Investment and its objectives are to promote investment, economic development and job creation in the Northwest Territories. The Fund is not subject to taxation under the *Income Tax Act* of Canada.

In March 2012, the Fund repaid the long-term debt owing of \$130,892,826 to Citizenship and Immigration Canada (CIC) and wrote-off the remaining loan origination fees of \$3,125,406 as a result of the early repayment of the long-term debt.

Financial Management Board (FMB) also directed the Fund to use the Fund's remaining net assets to support economic development initiatives in the Northwest Territories in accordance with the Fund's mandate under the IIP program.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances and short-term highly liquid investments that are readily convertible to cash with an original maturity date of 90 days or less.

(c) Loan origination fees

Loan origination fees consist of a 7% commission fee paid on allocations received under the IIP and are amortized on a straight-line basis over the remaining term of the related long-term debt. These fees are recorded contra to the long-term debt on the statement of financial position.

(d) Interest income

Interest income on the loan receivable is recognized when earned.

(e) Services provided without charge

The Fund records the estimated cost of the accounting and administrative services it receives without charge from the Department of Industry, Tourism and Investment. These services are recorded as a government contribution - services provided without charge and included in the expenses in the statement of operations.

Northwest Territories Opportunities Fund

Notes to the Financial Statements

March 31, 2013

2. Significant accounting policies (continued)

(f) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Fund to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ significantly from these estimates.

(g) Related parties

The Fund is related in terms of common ownership to all Government of the Northwest Territories departments and public agencies. The Fund enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount except for the services provided without charge which are measured at their estimated cost.

3. Cash and cash equivalents

The Fund's cash balances are pooled with the Government's surplus cash and are invested in a diversified portfolio of high-grade, short-term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approved the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Ltd. The Fund's average annual yield for the years ended March 31, 2013 and March 31, 2012 was 1.10%.

4. Related party transactions

The Department of Industry, Tourism and Investment provides the Fund with accounting and administrative services without charge. The total cost of these services has been estimated to be \$33,420 (2012 - \$55,297) and are included in the statement of operations.

The Department of Finance provides the Fund with cash and investment management services. The Department charges the Fund 0.10% (2012 - 0.10%) on the average balance invested. The total cost for this service for the year ended March 31, 2013, was \$7,674 (2012 - \$94,096) and is accounted for as bank charges and investment fees.

5. Financial instruments

Financial instruments consist of cash and cash equivalents, accrued interest receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant interest rate, market, currency, credit, liquidity, cash flow, or other price risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.