



# Public Accounts 2016-2017

## Section III

### SUPPLEMENTARY FINANCIAL STATEMENTS – OTHER ENTITIES



Government of  
Northwest Territories

**PUBLIC ACCOUNTS**  
**OF THE**  
**GOVERNMENT OF THE NORTHWEST TERRITORIES**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**SECTION III**  
**SUPPLEMENTARY FINANCIAL STATEMENTS**  
**OTHER ENTITIES**

**HONOURABLE ROBERT C. MCLEOD**  
**Minister of Finance**

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**Public Accounts of the  
Government of the Northwest Territories**

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# Annual Report 2015-2016



# MANDATE AND PURPOSE

(Aurora College Act R.S. N.W. T. 1988, cA-7, s3)

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

# MISSION STATEMENT

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

# OUR VALUES

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

We will continue to do this by:

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

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# Aurora College Board of Governors' Message



Research is a vital component of Aurora College, as it is of any post-secondary institution. As the research division of Aurora College, the Aurora Research Institute (ARI) facilitates and conducts research in the Northwest Territories, and acts as a hub

of northern knowledge. ARI advances the territory's research capacity through discovery, outreach, and education at its three regional centres in Inuvik, Yellowknife, and Fort Smith. Territory-wide research administration is provided by ARI headquarters in Inuvik.

During the past few years, a great deal of work has been undertaken by staff of Aurora College and ARI, as well as the members of the Board of Governors, to ensure that policies were either introduced or updated in order to elevate this institution's approach to research ethics and procedures. Topics such as academic freedom and ethical conduct when dealing with animal and human subjects were addressed in both policy and procedure. As of July 1, 2015, the Research Advisory Council (RAC), a standing committee created by the Board of Governors

(BOG), was formed. Membership consists of both BOG representatives and external members who have a background in various areas of science and traditional knowledge. The main responsibilities of RAC are to provide advice to the College and ARI on the development of an annual research agenda, to help ensure the College's and ARI's active participation in the NWT Science Agenda, to promote a Canadian northern and circumpolar research community, and to prepare an annual report on the state of scientific and research issues in the NWT.

The rigorous standards that are being applied in research ethics and administration have allowed Aurora College to successfully apply to hold funds from two of the major research granting organizations in Canada – the Social Sciences and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC). This "institutional eligibility" is a notable accomplishment, as it allows faculty and staff to access research funds and increases Aurora College's ability to retain northern-based research capacity. It also represents a significant recognition of the developing research capacity within Aurora College and the NWT. Another important benefit is that the research is allowing us to more closely link research and the Aurora Research Institute with programs at Aurora College.

In the first half of 2016, Aurora College staff secured our first funding grants, including

## Aurora College Board of Governors

(as of June 30, 2016)

Kathy Tsetso	Dehcho Representative
Mary Beckett	Beaufort Delta Representative
Lynn Napier-Buckley	South Slave Representative
Vacant	Yellowknife Representative
Vacant	North Slave Representative
Vacant	Sahtu Representative
Vacant	Elder Representative
Bambi Amos	Staff Representative
Shania Clark	Student Representative

## Research Advisory Council

(as of June 30, 2016)

Mary Beckett	Chairperson
Kathy Tsetso	Internal Member
Dr. Andre Corriveau	Health Sciences Representative
Dr. John England	Physical Sciences Representative
Dr. Allice Legat	Traditional Knowledge Representative
Jim Martin	Social Sciences Representative
Andrew Applejohn	GNWT Science Representative

NSERC “Connect and Engage” grants, and a SSHRC “Community and College Social Innovation Fund” award. NSERC grants have funded such areas as workshops looking at the viability of greenhouses in the far North, and collaborating with NWT Power Corporation to examine energy and infrastructure options related to climate change. The SSHRC award provides funds to work with several post secondary partners to study how schools and institutions are decolonizing education and will engage Indigenous and community knowledge holders in community-based research. It will develop and strengthen decolonizing efforts

within our instructional staff and create new knowledge that will support pre-service teachers in the Northwest Territories. The findings will guide our instruction and will enhance educational experiences for students from coast to coast to coast.

As Chair of the Board of Governors, I am excited by the tremendous strides Aurora College has made recently in this area and look forward to seeing what the future holds.

Kathy Tsetso  
**Chairperson,**  
**Aurora College Board of Governors**

## Message from the President



On December 15, 2015, the Truth and Reconciliation Commission of Canada (TRC) tabled its report in the House of Commons, culminating six years of work. The Commission's stated goal was “to guide and inspire Aboriginals and Canadians in a process leading toward reconciliation

and renewed relationships based on mutual understanding and respect.”

Among the 94 items in the TRC's Calls for Action are a number that pertain directly to education, language and culture, and education for reconciliation. As a northern post-secondary institution, we have been examining which of the recommendations pertain to Aurora College and Aurora Research Institute, and how we go about implementing those recommendations in a meaningful way.

In addition to the TRC recommendations, Aurora College is also working to integrate the seven principles of the Indigenous Education Protocol developed by Colleges and Institutes Canada, to which we became a signator in June 2015. As we move forward developing our next 10-year strategic plan, both the TRC recommendations and the principles of the Indigenous Education Protocol will factor significantly in our views of the future.

Incorporating them will be a journey, and will not happen overnight. Some students, staff, and

members of the public may become frustrated at what they perceive to be a lack of movement or a too-slow pace. For me, as President of Aurora College and as someone who has made this beautiful territory home for more than 30 years, I understand that frustration, but firmly believe that navigating the process responsibly and correctly is more important than rushing in order to make a show of quick progress. As TRC Chair Justice Murray Sinclair has said: “Reconciliation is about forging and maintaining respectful relationships. There are no shortcuts.” We do not want to take shortcuts; we want to do this right.

One thing I can guarantee is that during this process there will be times that we make mistakes and don't get it quite right. However, we are committed to the process of reconciliation and becoming more respectful of and consistent with the needs and values of the people we serve. The majority of our learners and our communities are Indigenous, and it is imperative that we listen to their voices as we create an educational environment that supports, reflects, and is respectful of our students. While we have incorporated numerous traditional and cultural elements into our operations and our curriculum, there is still work to be done. We can do better, and we will do better. It is my desire that as we move forward in this journey of reconciliation and healing that we show courage and determination while embracing truth, honesty, and respect.

Jane Arychuk  
**Aurora College President**

# HIGHLIGHTS

There was much cause for celebration at [Aurora College](#) in 2015-16, including staff members and students receiving prestigious awards, academic excellence recognized for several students, and exciting research taking place through the Aurora Research Institute.

## College & partners receive Premier's Award

Aurora College and the seven regional NWT Aboriginal Skills and Employment Strategy (ASETS) organizations were honoured with a 2016 Premier's Award for Collaboration.

The group includes Akaitcho Territory Government, Dehcho First Nations, Gwich'in Tribal Council, Inuvialuit Regional Corporation, Sahtu Dene Council, Northwest Territory Metis Nation, and Tlicho Government. It was chosen for the prestigious award due to shared efforts all parties have made to identify, develop and deliver adult training programs throughout the NWT that are responsive and targeted to regional needs.



*Representatives from Aurora College and NWT ASETS organizations pose with Premier Robert McLeod upon receiving the 2016 Premier's Award for Collaboration.*

A major success of the partnership is a series of six-week Literacy and Embedded Essential Skills (LES) courses. The courses were developed for northern community adult learners, and teach skills related to a specific topic, as well as embedded skills -

such as literacy, numeracy, and computer use - that are transferable.

The courses were designed for learners to build skills for actual work positions, to build community capacity in the north, and as a platform on which to build additional skills and education. By the end of 2015, the courses had been delivered more than 80 times in at least 25 communities. Completion rates for LES courses are higher than for traditional Adult Learning and Basic Education courses in NWT as well.

The seven LES courses are: Introduction to Office Skills, Start Your Own Small Business, Small Business Funding and Marketing, Introduction to Early Learning and Child Care, Construction Labourer Basics, Ready to Work NWT, and Introduction to Retail and Hospitality. Moving forward, the partnership will continue to research ways to secure funding for on-going delivery of the new, highly successful Literacy and Embedded Essential Skills courses to NWT learners.

## New Access Programs created Better links to parent programs

A recent, in-depth review of Aurora College Access programs provided several recommendations to improve the design and delivery. "Access" programs provide students academically for entrance into selected certificate, diploma, degree, and trades programs. Key recommendations were: the academic skills most needed by students were writing and research; students required a number of common skills to succeed in post-secondary programs; and specific specialty courses should be created to provide stronger academic links to individual post-secondary

programs. Two new programs – Occupations and College Access (OCAP) and University and College Access (UCAP) – will replace the seven programs previously offered, beginning September 2016. The programs have been streamlined and broadened to prepare students for more post-secondary options than before. Students will choose either OCAP or UCAP, and then choose a Career Path within that program, depending upon which post-secondary program they want to enter.

Students enrolled in Access programs at Aurora College will continue to be eligible for Student Financial Assistance.

# New mining programs, donations from mines

With funding from GNWT Department of Education, Culture and Employment through the Mine Training Society, two mining programs were developed in 2015: Introduction to the Mining Industry and Surface Miner Training. Representatives from the mining industry - including De Beers Canada (Snap Lake), Dominion Diamond Ekati Corporation, Diavik Dominion Mines (2012) Inc., and the NWT Mine Training Society - were active participants in creating the new programs.

Introduction to the Mining Industry can be offered in communities, and Surface Miner Training will be delivered at Thebacha Campus.

With funding from CanNor, the Mine Training Society provided



*First Class - All ten students from around the NWT who began the first delivery of Introduction to the Mining Industry completed.*

Aurora College with cab simulator modules for a haul truck and a front end loader for the Surface Miner Training program.

Aurora College received equipment donations from the three major NWT mining companies. The Mine Training Society and Aurora College held

a celebration to thank DeBeers Canada, Diavik Dominion Mines (2012) Inc., and Dominion Diamond Ekati Corp. for the donation of a haul truck, scoop tram, and a Toyota multi-utility vehicle. Dominion Diamond Ekati Corp. also donated a grader for use in mining programs.



*Personal Support Worker Certificate students from the Beaufort-Delta and Sahtu regions attended the one-year program at Aurora Campus in Inuvik.*

## Certificate and diploma programs offered at Aurora Campus, in Tulita

Inuvik and Beaufort-Delta residents were able to study closer to home in 2015-16, as two certificate programs - Personal Support Worker and Early Childhood Development - were delivered full-time at Aurora Campus. Deliveries were made possible through funding and support from regional partners. Each of the one-year programs are being offered

twice in Inuvik. In partnership with the Sahtu Divisional Education Council and the Department of Education, Culture and Employment, the first year of a two-year, full-time Aboriginal Language and Culture Instructor diploma program was offered in Tulita. The six participants serve as role models for the youth and the community.

## Decolonizing Education SSHRC grant

Aurora College and Aurora Research Institute were awarded nearly \$240,000 from the Social Sciences and Humanities Research Council of Canada (SSHRC) to work with several partners to study how schools and institutions are decolonizing education.

The two-year project, Decolonizing Learning in Communities Across Canada: Stories of Hope, will involve collaborative knowledge building and sharing among five Canadian research institutions. This is the first award Aurora College has received from SSHRC since becoming eligible for funding in 2014.



Three Aklavik students completed their Traditional Arts Certificate. They also received the Aurora Cup award for overcoming obstacles and persevering in their studies.

## Traditional Arts Certificate at Aklavik Learning Centre

Between 2012 and 2016, the Traditional Arts Certificate program was offered through the Aklavik Community Learning Centre. In total, 18 students participated in one or more of the courses, and three received their certificates at the convocation ceremony in Inuvik in May 2016. In addition to courses in the History of Traditional Arts, Marketing, Product Development, and Computers, classes included: moose hide

tanning (traditional stretching, scraping and smoking), fur tanning (stretching, cutting and tanning animals such as beaver, fox, lynx and hare), moose and caribou hair tufting, tool making (e.g. hide tanning tools from bone and antlers, ulus, fish hooks, braided dog whips), fish scale and porcupine quill artwork, traditional footwear making, pattern making and sewing, beadwork and embellishments, bush and tundra crafts.

## Post-graduate certificate popular

In 2016, Aurora College introduced the Post Graduate Certificate in Remote Nursing, which prepares Registered Nurses to function in an expanded practice role as community health nurses in some of Canada's most isolated regions.

The 15-credit, one-year program is offered in collaboration with the NWT Department of Health & Social Services. The first intake of

students was full, and feedback from current and prospective students has been positive.

The program is offered in a combined delivery format, primarily by distance, using web-based Moodle and teleconference classes.

Students also attend a three-week on-site component in Yellowknife, which meets the requirements for hands-on skill labs, field trips and skill-based examinations.

## Video-conference pilot a success

The School of Business and Leadership's videoconferencing pilot project continued in 2015-2016 with four Business Administration and Office Administration courses offered using the technology. As the goal is to offer all BA and OA courses through videoconferencing in 2016-2017, a great deal of work was done evaluating the pilot project and preparing for the full implementation.

## NABE funding extended 1 year

The Northern Adult Basic Education Program (NABE) is a multi-million dollar, multi-year program created by the Government of Canada's Canadian Northern Economic Development Agency (CanNor) to address the unique challenges faced by Northerners in participating in the labour market. It was originally funded to be delivered by the three northern colleges from April 1, 2012 until March 31, 2016. The federal government extended the program for one fiscal year to give the colleges time to seek other funders and sources of revenue for the popular program. NABE includes educational activities that assist adult learners in achieving sufficient levels of literacy and essential skills to obtain a job or benefit from further training.



# Education and Training Division

Aurora College's Education & Training Division is comprised of:

- School of Arts & Science
- School of Business & Leadership
- School of Education
- School of Health & Human Services
- School of Trades, Apprenticeship and Industrial Training



# School of Arts & Science



*Studying aquatic life samples at Summer Field Camp.*



*Gathering mineral samples for analysis.*

## **Environment and Natural Resources Technology**

Students in the two-year diploma program attend several field camps, which are instructed by community Elders, regional experts, and Aurora College staff in a manner designed to integrate scientific methodology with Traditional Knowledge. Partnerships with both industry and government continue to be strong, and these provide much added value to academic programming through direct involvement in

classroom activities and field work. Employability remains strong across the territory for graduates; a handful have chosen to work seasonally to pursue Bachelor of Science degrees. Enrolment and student retention continues to increase with 12 students continuing into second year and first year applications at Thebacha Campus remaining at 12 to 15. Six students received their diplomas in 2016, most of whom are employed in the field with industry, government and Aboriginal organizations.

## **ENRTP - Aurora Campus**

There was no program offered at Aurora Campus in 2015-2016 as the program operates on a three-year cycle, with 2015-2016 offering the Access program, which academically prepares students to enter the diploma program. The next intake at Aurora Campus will be September 2016.

## **ENRTP - Thebacha Campus**

Field camps continue to be a highlight for students. During the summer field camps at Tsu



*Hands-on study of small mammals at Summer Field camp.*



*Limnology is part of the ENRTP curriculum.*

Lake, students develop skill sets in limnology, water sampling, forestry, geology and ecology, and map and GPS navigation techniques. Local Elders, such as Jane Dragon, make a significant impact on students at Tsu Lake with their traditional skills demonstrations and teachings. First year students travel the Talston River for a multi-day canoe and portage trip. Every year ENRT students at Thebacha Campus complete a Winter Field Camp as a culmination of their studies. They are able to apply the skills they have learned in

the classroom in a practical setting on the land, and work with wildlife with local hunter Magloire Paulette. In 2015-16, population analyses and segregation methods were conducted on muskox by qualitative observation and aerial surveys. Students also spend two nights demonstrating their on-the-land emergency skills such as shelter building and survival techniques. In addition to regular studies, students are trained in firearms, first aid, and boat safety. As a final project, and using the skills they learn during the year,

students complete a self-directed research project in consultation with instructional staff, and collaborative Aboriginal, industry, and government partners.

### **Community Based Training**

The Environmental Monitor Training Program delivered in partnership with local communities and industry, and trains participants to work with private industry, government agencies and environmental organizations such as land and water boards. It was not offered in 2015-16.



# School of Business & Leadership

The School of Business and Leadership offers the Business Administration (BA) Program, the Office Administration (OA) Program, and the Northern Leadership Development Program (NLDP).

Graduates of the BA and OA programs are highly sought after as employees by Aboriginal Governments, the GNWT, the Government of Canada, businesses (large and small), and non-profit organizations. The NLDP provides leadership training for employees of business and industry-related NWT organizations.

In order to ensure that Aurora College students continue to receive the most current business and administrative education, reviews of both the BA and OA programs were undertaken, beginning in 2013-14. Students, alumni, staff and employers participated in the review processes and worked to facilitate the design and development of a BA program and an OA program that would provide students with an education that would enable them to obtain relevant employment or to continue their education.

In 2015-2016, 30 percent of Aurora College graduates were enrolled in the School of Business and Leadership. A total of 18 Business Administration Certificates, nine Business Administration Diplomas, and four Office Administration Certificates were awarded at the spring convocation ceremonies in 2016.



*10 students completed the NLDP program in 2015-2016.*

The videoconferencing pilot project continued in 2015-2016 with four BA and OA courses offered using the technology. As the goal is to offer all BA and OA courses through videoconferencing in 2016-2017, much work was done evaluating the pilot project and preparing for the full implementation.

Faculty members continued to be involved in professional development initiatives and conferences in order to maintain and increase their academic and professional credentials. Two instructors were on Educational Leave in 2015-2016, working on their doctoral degrees. As well, one full-time casual instructor finished his PhD, while another started a PhD program. Pursuing graduate degrees ensures that instructors stay current

in their fields of study and in educational practices so that they can design and develop relevant curriculum and provide stimulating learning experiences for their students. Instructors also attended a variety of continuing education conferences and completed mandatory GNWT training.

Three new instructors were hired in 2015-16: a full-time BA instructor for each of Thebacha and Yellowknife North Slave Campuses, and a full-time OA instructor at Thebacha Campus.

## **Business Administration**

The BA program review was completed in early 2015 and implemented in September 2015. An Accounting Stream and a Work Experience Option have been added. The new first

year courses were introduced in 2015-2016, and new second year courses will be delivered for the first time in 2016-2017 at all three campuses. The current plan is to offer both years of the BA program at all campuses each year.

The BA program continues to attract a diverse group of students, both from within the NWT and international students. Graduates from BA in 2015-16 were from Aklavik, Behchoko, Fort Resolution, Fort Simpson, Fort Smith, Gameti, Inuvik, Whati, and Yellowknife. Currently, Aurora College receives a significant number of applications for the BA program, especially in Yellowknife, that cannot be accommodated.

### Office Administration

Thebacha Campus offered the OA Certificate program in 2015-16. Courses are designed to develop the skills required by employees to work in various types of offices and to emphasize the development of basic office and computer skills that will enhance the unique work environments of the north. Student participated in a four-week practicum to gain hands-on experience. OA graduates were from Fort Good Hope, Fort McPherson, Fort Smith, and Tulita.

A consultant was hired in 2014-2015 to assist in the review of the OA Program; the review was completed in 2015. The revised program was approved by the Board of Governors in



*Business Administration and Office Administration courses piloted video-conference technology in preparation for full implementation in 2016-17.*

February 2016. The new first year courses will be delivered in 2016-2017 and every second year after that. The second year courses will be delivered for the first time in 2017-2018 and will also be offered every other year. Beginning in 2016-2017, Aurora Campus and Thebacha Campus will deliver the OA Program.

### Northern Leadership Development

The NLDP is designed for employees in “front line” positions in industry-related organizations in the NWT and is relevant to employees in supervisory or management roles, such as team leaders or supervisors. It consists of eight 21-hour modules which include:

Personal Development/Coach Mentoring, Communication Skills, Effective Personal Leadership, Effective Team Leadership, Managing in the Middle, Problem Solving and Decision Making, Culture and Diversity in the Workplace, and Conflict Resolution. The NLDP was significantly revised in 2015-2016; the new modules will be introduced in 2016-2017.

The NLDP was first delivered in 2011-2012, with 23 participants from various industrial related positions with NWT organizations. Since then, a further 45 participants have completed the program. The fifth offering, with a cohort of 10 participants, concluded in June, 2016.

# School of Education

Aurora College School of Education regularly offers the following programs: Aboriginal Language and Culture Instructor Diploma, Bachelor of Education, Certificate in Adult Education, and Early Childhood Development Certificate.

## Aboriginal Language and Culture Instructor (ALCIP)

In partnership with the Sahtu Divisional Education Council and the Department of Education, Culture and Employment, the first year of a two-year, full-time diploma program was offered in Tulita. The classroom is situated in Chief Albert Wright School, which provides opportunities for learners to connect theory with practice. The six participants also serve as an example of life-long learning for the youth and the community. Across the NWT, a further 19 individuals are taking part-time ALCIP courses, which are delivered in conjunction with various divisional education councils. In 2015-16, six part-time courses took place in Fort Smith, Hay River, K'atl'odeeche, and Tulita. Two part-time students received certificates in 2015-16. In addition, evening language courses were offered in Fort Smith and Ndilo. These were well received and attended by both Indigenous and non-Indigenous participants.

## Adult Education

The Certificate in Adult Education provides the skills and knowledge required to work with adult learners. It is delivered part-time through teleconference,



*University of Saskatchewan representatives Dawn Wallin (left) Associate Dean of Undergraduate Programs, Partnerships, and Research, and Chris Scribe, Director, Indian Teacher Education Program, present President Jane Arychuk with a star blanket to honour the long-term partnership between Aurora College and the University of Saskatchewan.*

primarily in the evening, with online computer support. There are no pre-requisites to enter the program. In 2015-16, six courses were delivered via teleconference and Moodle to 37 students. Two completed the Certificate requirements. Students represent a broad range of ages, careers, and home communities across the northern territories and in southern Canada.

## Bachelor of Education

This distinctive degree program continues to support the growth and development of educators for the NWT who have a strong grounding in the traditions and cultures of the territory. The Bachelor of Education (BEd) is offered in cooperation with the University of Saskatchewan (U of S), and is recognized across the country. 2015-16 began with a

four-day on-the-land classroom experience that brought together 26 students, instructors, and local Elders. Topics explored included decolonizing education, community relationships, leadership, traditional plants and medicines, traditional cooking and sewing, and Dene games. The shared experiences provided the pre-service teachers with an opportunity to reflect on actions they can take to ensure that culture and traditional teachings are incorporated into their role as an NWT teacher, as well as to identify areas they would like to develop and explore as they grow into their roles. Program staff presented on the experience at the University of Saskatchewan's Think Indigenous conference, which was attended by representatives from teacher education programs across Canada. Aurora College's long-



*The Honourable Alfred Moses, Minister of Education, Culture & Employment, celebrates with graduates of the Early Childhood Development Certificate Program in Inuvik.*

standing partnership agreement for degree delivery with U of S was renewed. President Jane Arychuk was presented with a star blanket to honour the relationship. The BEd program has continued to evolve and move forward with programming and instruction that aligns with GNWT's Education Renewal Initiative.

### **Early Childhood Development**

2015-16 marked the first time that a full-time face-to-face delivery of the Early Childhood Development program has been offered at Aurora Campus in Inuvik. This was made possible through a partnership with Beaufort-Delta Aboriginal Skills and Employment Strategy (ASETS), in response

to a need for qualified Child Care Workers in the region. Nine students graduated and are currently working in the child care field in the Beaufort-Delta. The partnership will continue for a second year in 2016-17. In addition, the regular part-time delivery continues to be offered via teleconference. During 2015-16, 60 students completed one or more of the five distance education courses or the two workshops, which took place in Hay River and Yellowknife. A further 17 learners attended the Northern Puppet workshop. The program's play-based curriculum incorporates texts and materials which use Canadian content with Indigenous perspectives, including local traditional knowledge and cultures. Instructors strive to involve family and communities in the course content as much as possible and recognize the varied life experiences that students bring with them and share as part of their studies.



# School of Health & Human Services

In 2015-16, the School of Health and Human Services included the following programs: Bachelor of Science in Nursing, Personal Support Worker Certificate, Post-Graduate Certificate in Remote Nursing, Social Work Diploma, and Community Health Representative Certificate.

## Bachelor of Science in Nursing

The Bachelor of Science in Nursing (BSN) program continues to offer an evolving and dynamic program that allows graduates to work as leaders in the health care system. In 2016, the program was granted a seven-year accreditation from the Canadian Association of Schools of Nursing, the national accrediting body for schools of nursing in Canada, along with the University of Victoria, Selkirk College, and Camosun College, and College of the Rockies. BSN faculty have been working closely with the University of Victoria and College Partners to respond to the Truth and Reconciliation Commission's calls to action ensuring the BSN program continues to support Indigenous students and facilitate their success. In response to the national NCLEX-RN licensing exam, the program has implemented the use of test preparatory products and computerized testing in some courses to promote the continued high pass rate on this high-stakes examination. The BSN program continues to partner with practice agencies across the north, especially Stanton Territorial Health Authority, to offer diverse placements in acute, critical and outpatient care. New simulations



*Personal Support Worker Certificate program students gather on the job experience in nursing homes and hospitals.*

have been developed and positively reviewed by students in the area of community care, mental health, and team-based care. Plans are underway to implement a peer support BSN program in 2016-17. The need for peer mentoring/support was assessed by a group of third-year nursing students as part of their Nursing Practice VI Course. The BSN program continues to embrace inter-professional education in its work with the Aurora College Social Work and Personal Support Worker programs. The program is currently working with students and stakeholders to develop a new strategic plan with the vision of nursing excellence in the Northwest Territories, through its mission of providing leadership in nursing education to advance the health and healing of northern people.

## Personal Support Worker

The Personal Support Worker (PSW) Certificate program provides opportunities for students to learn personal care and basic assessment skills to provide holistic care to individuals in their communities. Graduates may find work in a variety of health care settings, and work as part of a health care team that includes nurses, physicians, occupational therapists, physical therapists, and others.

## PSW - Aurora Campus

Sahtu Region Health & Social Services partnered with Aurora College to offer this program for a second year at Aurora Campus in Inuvik, to meet anticipated demand for qualified workers at the new extended care facility being built in Norman Wells. Among the 12 graduates were students from the North Slave, Sahtu, Beaufort Delta and the Eastern Arctic regions. Students from Fort Good Hope, Colville Lake, and Fort McPherson completed the final practicum in their home communities. Students embraced the program's strong theme of partnering and advocacy with core principles of dignity, independence, preference, privacy, and safety. They were able to build independent competencies with reflective practices by integrating theory and practice within settings such as Long Term Care, Acute Care, Charlotte Vehus, Home Care and Public Health. Certifications in CPR/First Aid, WHIMIS, Applied Suicide Intervention

Skills Training, Non-Violent Crisis Intervention, Fire Safety and Social Media Safety were completed. Workshops and speakers presented: Traditional Medicine, Cultural integration of Grief/Trauma, Pharmacy, and Expressive Arts Therapy. Several graduates found employment shortly after finishing the program. Three 2014-15 graduates assumed an active Preceptor role for students in 2015-16.

### **PSW - Yellowknife North Slave Campus**

Graduates of the program this year were from Yellowknife, Lutselk'e, Hay River, Tulita, Fort Good Hope, Behchoko, Fort MacPherson, and Rankin Inlet, Nunavut. Practicum experiences included the Extended Care Unit, Medicine, and Surgery units at Stanton Territorial Hospital, Aven Manor and Cottages, Yellowknife home care, the Salvation Army mental health support systems program, Jimmy Erasmus Seniors' Home in Behchoko, and Rankin Inlet home care. As in previous years, students had opportunities for interdisciplinary collaboration with nursing students and participated in a simulation lab. They attended Elders in Motion, Supportive Pathways, and a workshop provided by Avens and Alberta Health Services about supports for individuals with dementia. Students were enthusiastic about information acquired from guest speakers, who provided perspectives on topics ranging from vision loss to parenting children with developmental disabilities. Thirteen students

participated in the convocation ceremonies in April.

### **Post Graduate Certificate in Remote Nursing**

The Post Graduate Certificate in Remote Nursing program is offered in collaboration with the Department of Health and Social Services. The program will prepare Registered Nurses to function in an expanded practice role as community health nurses in some of Canada's most isolated regions. The remote nursing certificate is a 15-credit, one-year program, and had its first intake in January 2016. The program is fully subscribed, and the response from students and prospective students has been positive. It is offered in combined delivery format, primarily by distance, utilizing web-based Moodle and teleconference classes, and included a three-week on-site component in Yellowknife. The on-site component meets the need for hands-on skill labs, specialty guest speakers, field trips and skill-based examinations.

### **Social Work**

Applicants to the Social Work Diploma program came from communities across the NWT, including Behchoko, Gameti, Deline, Tulita, Fort Good Hope, Fort Smith, Hay River, Fort Resolution, Aklavik, Tuktoyaktuk, and Inuvik. Students explore cultural experiences and Traditional Knowledge through core courses and an on-the-land

camp held in May. Students and faculty explored the Truth and Reconciliation Commission's Calls to Action through guest speakers and discussions, and John B. Zoe shared the Tlicho cosmology with respect to social policy making. Students also received training in Non-Violent Crisis Intervention. Learners and staff took lead roles on the campus Social Justice Committee. One notable social justice fundraising event was held with the community to support Syrian refugees. Aurora College continues to nurture the partnership with the University of Regina, Faculty of Social Work. This year, students engaged in a new registration system that allowed them better access to library and course management functions from a distance. Instructor Heather Fikowski traveled to Seoul, South Korea to present research findings on Intimate Partner Violence to an international social work conference. She also received the Canadian Association of Social Workers (CASW) Distinguished Service Award for her leadership in northern Canadian social work. Six students graduated and all were either hired into social work jobs or offered jobs with their field agency. Three students transferred to Yukon College to complete their Bachelor of Social Work (BSW), and the remainder plan to continue their work to attain a BSW by distance. Social Work students were well represented at the spring convocation as valedictorian and the recipient of the UNW Student Leadership Award.

# School of Trades, Apprenticeship & Industrial Training

## Apprenticeships

The purpose-built Trades training facilities at the Thebacha Campus allow individuals from throughout the NWT and elsewhere to participate in Apprenticeship, Heavy Equipment Operator (HEO), Mining, Observer Communicator, and other trades-related programming through the School of Trades, Apprenticeship & Industrial Training in Fort Smith. Apprenticeship programs include Levels 1, 2, 3, and 4 of Apprenticeship Carpenter; Levels 1, 2, and 3 of Apprenticeship Electrician (Construction); Levels 1 and 2 Apprenticeship Plumber/Gasfitter B, Oil Heat System Technician; and Levels 1 and 2 of Apprenticeship Heavy Equipment Technician and Housing Maintainer. Aurora College has a long history of delivering trades training in the NWT, and it continues to be an area of tremendous student success. For example, in 2015-16, 31 of 34 Carpentry program students, 31 of 32 Electrician program participants, 14 of 14 Plumber/Gasfitter B program learners, and 14 of 14 Heavy Equipment Technician program 14 students successfully completed.

## Heavy Equipment Operator

Due to equipment requirements, the HEO programs are normally based in Fort Smith. However, in response to local need and labour market requirements, HEO programs have been delivered in other NWT communities



*Heavy Equipment Operator students train on various pieces of heavy machinery to prepare for employment. Three deliveries took place at Thebacha Campus in 2015-16.*

if funding and appropriate equipment are available. The HEO programs include the 15-week Heavy Equipment Operator, the eight-week Abridged Heavy Equipment Operator and the nine-week Introduction to Heavy Equipment Operator. This year, 24 students participated in two regular offerings of the HEO Program, 23 completed. An extra Heavy Equipment Operator program was held at Thebacha Campus with funding from the GNWT Department of Transportation and the Skilled Partnership Fund, through the Mine Training Society. Twelve students received 185 hours of training on each of two pieces of heavy equipment; 11 graduated.

## Mine Training

2015-16 marked the beginning of a number of changes to Aurora College's mining programs. The process of moving existing mining programs – Introduction to Underground Mining and Underground Miner – from

Yellowknife to Fort Smith was initiated. The equipment training location at a quarry near Yellowknife that has been used for a number of years for the Underground Miner Training program has been dismantled. The equipment was relocated to Fort Smith, where it will be housed with equipment used for Heavy Equipment Operator programs. The simulator which has been used in the mining programs will also be moved to Thebacha Campus. After a two-year hiatus, the Mineral Processing Operator Pre-Employment Training program was offered in Fort Smith with eight students and eight graduates. The six-week Introduction to Underground Mining Program was offered three times, once in each of Fort Smith, Deline, and Fort Good Hope. In Fort Smith, the 11 students who started the program completed it; in Deline four of seven students graduated; and in Fort Good Hope, four of seven students

completed. The 12-week Underground Miner Program was offered once in Yellowknife with 13 students and 12 graduates.

### **New Mining Programs**

With funding from GNWT Department of Education, Culture and Employment through the Mine Training Society, two new mining programs were developed in 2015: Introduction to the Mining Industry and Surface Miner Training. Program development was guided by the active involvement of a Steering Committee comprised of representatives from the mining industry, including De Beers Canada (Snap Lake), Dominion Diamond Ekati Corporation, Diavik Dominion Mines (2012) Inc., and the NWT Mine Training Society.

Introduction to the Mining Industry can be offered in communities as required and as funding is available. Surface Miner Training will be delivered at Thebacha Campus as it requires the use a simulator and specific heavy equipment. With funding from CanNor, the Mine Training Society provided Aurora College with cab simulator modules for a haul truck and a front end loader for the Surface Miner Training program; the two cab modules are interchangeable on the simulator platform. A successful pilot offering of Introduction to the Mining Industry took place at Thebacha Campus with nine of 10 students completing the program.

### **Corporate Donations**

During the 2015-16 academic year, Aurora College was the recipient of equipment donations from the three major mining companies in the NWT. The Mine Training Society and Aurora College held a celebration to thank DeBeers Canada, Diavik Dominion Mines (2012) Inc., and Dominion Diamond Ekati Corp. for the donation of a haul truck, scoop tram, and a Toyota multi-utility vehicle. Dominion Diamond Ekati Corp. also donated a grader for use in mining programs.

### **Observer Communicator**

In the 2015/16 academic year, the Observer Communicator program was offered four times under the new schedule for the program requested by the funder, NAV Canada. There were a total of 17 graduates.

### **Trades Awareness Program**

Aurora College continues to welcome groups of junior and senior high school students and their chaperones to Thebacha Campus for the Introductory and Intensive Trades Awareness Programs (TAP). The College has partnered with South Slave Divisional Education Council and South Slave ECE Service Centre since 2005 to bring their students to the campus to experience college life and be introduced to the trades. 2015-16 marked the first time students from outside of the South Slave region participated, as a new

partnership with the Dehcho Divisional Education Council and Dehcho ECE Service Centre was created. The Introductory component has students spend one day in each of four trades, while in the Intensive portion, students spend four days in one trade of their choice. In 2015-16, the Introductory programs attracted 22 Dehcho and 47 South Slave students, and the Intensive sessions saw 12 Dehcho students and 29 South Slave students returning. Other funding partners for Trades Awareness are Dehcho First Nation, DehCho ASETS, and the Department of Industry, Tourism and Investment.

### **Aurora Campus**

The Mobile Trades & Technology Lab was on the road in the Beaufort-Delta. In Aklavik, the MTTL was used to deliver a Small Engine Repair course, while it served as a classroom and shop for the Building Trades Helper program in Tuktoyaktuk.



*NWT's mining sector hires directly from Aurora College programs for various positions.*



# Community & Extensions Division



# Access Program Redesign

Based on the findings of the 2014 Access Review, the seven former Access Programs have been streamlined into two: University and College Access Program (UCAP) and Occupations and College Access Program (OCAP), which will be piloted for three years, beginning in 2016-17. The Access Programs Redesign Project was developed using an evidence-based planning process. Between October and December 2015, Community and Extensions division managers, ALBE instructors, and community adult educators who were directly involved in Access and ALBE were invited to provide feedback about the new Access Programs, specialty courses, Access Program logic model, and learner screening package. An Access Programs Communication Plan was created and implemented for internal and external communication about the changes. The plan incorporated a variety of items and activities, including brochures, posters, fact sheets, videos, PowerPoints, news releases, advertising, recruitment events, and staff training/presentations. As well, in June 2016, Access specialty course outlines – for delivery in 2016-17 – were completed and submitted for approval. The Access Program Redesign Project team was recognized with the 2016 Aurora College Board of Governors' Innovation and College Improvement Award. Once the three-year pilot has been completed, the redesigned Access Programs



*Former Nursing Access student Claire Brooks has transitioned into the Bachelor of Science in Nursing Degree program at Yellowknife North Slave Campus.*

will undergo a stringent evaluation to ensure they are effective and meeting both learner and institutional needs. Program evaluation will

take place in 2018-19 using a performance measurement framework and an evaluation framework that have been drafted for this purpose.

## Community Programming

Each year Aurora College delivers academic upgrading, access and community programs at three campuses and 23 Community Learning Centres throughout the NWT. Aurora College works with local educators and itinerant instructors to provide adult upgrading or other skills-based programs.

### **Akaiicho and South Slave Regions**

In 2015-16, a strengthened team-based approach and

innovative programming were implemented to meet the challenges and opportunities of delivering education and training programs in the region. This involved ongoing assessments of staff skills and successful program deliveries to enable the region's adult educators to share best practices within the team and with colleagues across the territory. One highly successful program approach to emerge from this collaboration was the practice of augmenting Literacy and Essential Skills

(LES) courses to tailor them to local employment needs. For example, in Lutselk'e, Hay River, and Fort Resolution, adult educators secured extra funding to include certified safety training within deliveries of the LES program Construction Labourer Basics. This blended approach of training alongside education has improved the employability of graduates, as well as developed their literacy and essential skills. The approach better prepares graduates for potential employment with the construction projects are scheduled in each community during the summer and fall.

A reduction in major economic drivers pushing development in the region has shifted the regional focus from running large scale training programs to strengthening the delivery of Adult Literacy and Basic Education programs, improving community needs assessments, delivering more safety training locally, and adding more career exploration and job seeking skills into existing programs. An example of the latter took place at K'atl'odeeche First Nation, where the adult educator delivered a month of goal setting and career exploration courses that continue to determine programming choices for that community. Greater involvement and planning with communities will continue in 2016-17.

## Beaufort-Delta Region

Increased co-operation with schools in the region is a continuing trend. The Alex and Hope Gordon Learning Centre in Aklavik has developed a model where adults learners, along with existing high school students, are able to take courses they



*Literacy and Essential Skills courses, such as this Construction Labourer Basics class in Behchoko, help bring essential skills to NWT communities.*

need to qualify for high school graduation or to be accepted into post-secondary programs, including those available through Aurora College. In 2015-16, three Aklavik adult learners completed their high school requirements through the Learning Centre, and more are expected to complete in the near future. Community interest in basic and vocational training remains high. The following courses were offered: Construction Labourer Basics in Aklavik and Fort McPherson; Small Engine Repair in Aklavik; Traditional Arts Certificate in Aklavik; Country Foods Processing - a partnership with Inuvialuit Regional Corporation government departments - in Inuvik. Participation and completion rates for these deliveries were high. Short courses such as driver training, first aid, WHMIS, Transportation of Dangerous Goods by Ground (TDG), and non-restricted firearms safety were well subscribed.

## Dehcho Region

The Dehcho Regional Training Committee - comprised

of Aurora College, GNWT departments, regional community representatives, employers, and funders such as ASETS and ECE - has initiated work on a three-year training plan, making community consultations and stakeholder collaboration the focus in 2015-16. Two workshops - Planning and Funding Your Post-Secondary Education and Writing for Post-Secondary Education - were developed and delivered in the small communities in response to community needs. Communities and learners have shown interest in the new University and College Access and the Occupations and College Access programs. In addition to ALBE, Literacy and Essential Skills courses and numerous employment-related continuing education courses were delivered at the learning centres in Fort Providence, Fort Simpson, and Fort Liard. Courses offered include Introduction to Retail and Customer Service, Ready to Work NWT/Construction Labourer Basics, Financial Literacy, Food Safety, Safety Boot Camp, Chainsaw Level 3,



*Delivering programs in NWT communities allows Aurora College to reach individuals who are looking to prepare for further academic programs or learn skills to help enter or return to the workforce.*

and Class 7 & 5 Driver Training. Open evening education programs were offered one night per week in Fort Simpson and Fort Providence to provide the opportunity for employed individuals to enhance their office administration and computer skills. Several courses were delivered in the smaller Dehcho communities, including Introduction to Computers, Microsoft 2013, and Proposal Writing. Youth-focused programs such as the Community Access Program, Never Board Game Club, and Red Cross Babysitting - which includes First Aid and Water Safety - have helped to transition youth to the Fort Simpson Community Learning Centre.

## **Sahtu Region**

One measure of success in 2015-16 is that students from every learning centre in the Sahtu are continuing into an Access or certificate program with Aurora College. The team

approach to teaching adopted by the adult educators has played a significant role in the region's increased capacity and quality of education available. This year, core courses were taught by teleconference, including math 130, English 130, English 140, trades math preparation, and trades science preparation. With the integration of online tools, the number of students enrolled and completing has increased. Learning centres also offer 110/120 level courses, Literacy and Essential Skills courses and non-credit programming. The winter road season continues to be a challenge and continues to affect success rates in the second term. However, this has led the Sahtu learning centres to strategically plan the 2016-2017 academic year to improve winter outcomes. In addition to ALBE, learning centres in the Sahtu partnered with local funders to offer additional programs. Deline and Fort Good Hope ran Introduction to Underground Mining;

ten students completed. Literacy and Essential Skills (LES) courses were once again offered, this year in conjunction with ITI, including tourism-focused Introduction to Retail and Customer Service in Deline, carpentry-focused Construction Labourer Basics in Norman Wells, and Introduction to Early Learning and Childcare and Start Your Own Small Business in Fort Good Hope and Deline. All LES courses had high completion rates. The Sahtu region continues to expand ways to meet communities' adult education needs and is exponentially increasing learners' completion and success rates.

## **Tlcho and Yellowknife Regions**

In addition to ALBE, Tlcho and Yellowknife Regions continued to pilot new programs and courses in 2015-16. Whati Community Learning Centre participated in pilot delivery of distance learning Trades Math, which was initiated and developed in the Sahtu Region. Existing and new Literacy and Essential Skills (LES) courses were offered: Start Your Own Small Business and Introduction to Retail and Customer Service in Gameti; Ready to Work NWT in Gameti, Behchoko and Whati; and Construction Labourer Basics in Whati and Behchoko. The LES courses are popular with both students and instructors, and communities are eager to see more offered. A wide range of life skills and well-being workshops and courses were delivered in all four Tlcho communities, in response to identified community

requirements. These included Financial Literacy, Mental Health First Aid Northern Peoples, Standard First Aid, Personal Parenting, ASIST – Applied Suicide Intervention Skills and Training, Traditional Medicines, True Colours, Job Skills, Resume Writing, Class 7 Driver Training, and Traditional Foods Preservation. Aurora College participated in a series of community economic and skills development consultation meetings, facilitated by Tlicho Government and Dillon Consulting, as well as inter-agency meetings with stakeholders, partners, and community members. These collaborations sought to identify and plan for future training needs in anticipation of the planned construction of an all-weather road to Whati.

Yellowknife Literacy Outreach Centre (LOC) provides services to individuals from a diverse range of demographics and ethnicities. Demand has steadily increased for programs, which are delivered in partnership with NWT Literacy Council, Computers for Schools, Aven Manor, Baker Centre, YWCA, Yellowknife Association for Community Living, and Healthy Family Centre. Interest was strongest in computer skills and tutoring services. Other programs offered included Family Literacy and Book Club. Funding from Immigration, Refugees and Citizenship Canada (IRCC) for Language Instruction for Newcomers to Canada (LINC) and the Integration Service was extended for one year, to March 31, 2017. A notable change to the clientele was an increased number of Syrian refugees requiring support. The Integration Advisor also

facilitated workshops to assist clients in preparing for the Canadian Citizenship written test and Citizenship ceremony, which they completed successfully. The Integration Advisor and Program Head attended inter-agency meetings providing information and

support to groups sponsoring individual refugee families. The service, in partnership with LOC, also organized a successful multicultural potluck event for clients and their families, which was attended by approximately 85 people representing several nationalities.

## Continuing Education

### Aurora Campus

A new approach to Continuing Education delivery was introduced in the Beaufort Delta region in 2015-16. Existing regional staff and adult educators planned and delivered courses and workshops at Aurora Campus and in the communities. This model allows a fuller slate of courses – with an emphasis on employment-related skills development and personal development – to be delivered to more communities in a cost-effective manner. Examples of short, employment-related courses offered are Driver Training, First Aid, and Non-Restricted Firearm Safety. Several adult educators are taking steps to become facilitators of some of these courses to further increase efficiencies.

Another new development was the Country Foods Processing Course, delivered in partnership with the Inuvialuit Community Economic Development Organization (ICEDO); Education, Culture and Employment; and Industry, Tourism, and Investment. The pilot course ran in Inuvik, using a state-of-the-art mobile facility built and designed specifically

for the Arctic and owned by ICEDO. Participants learned to professionally cut, dry, smoke, and grind local meats and fish, enhancing local self-sufficiency and creating potential for commercial opportunities. Additional offerings of this popular course within the Inuvialuit Settlement Region are planned for the 2016-17 academic year.

### Thebacha Campus

A variety of partners were involved in planning and delivering 2015-16 courses and workshops through Thebacha Campus Continuing Education. Aurora College partnered with the Department of Industry, Tourism, and Investment to deliver a series of courses aimed at entrepreneurs and small businesses in Fort Providence, Fort Resolution, Fort Smith and Hay River, which included Board Member Training, Building an On-line Presence, Small Business Basics, and Tax Preparation. Thebacha Campus worked with Northwest Territory Metis Nation to offer a series of safety classes in Fort Resolution, Fort Smith, and Hay River, as well as a five-day Introduction to Environmental Monitoring course in Fort

Resolution and Fort Smith. Other programming included Standard First Aid, GNWT Food Safety, and professional development courses such as Project Management Fundamentals, and High Impact Business Writing. In all, nearly 300 people completed continuing education classes offered through the Thebacha Campus office in 2015-16.

### **Yellowknife North Slave Campus**

Continuing Education students participating in workshops at Yellowknife North Slave Campus in 2015-16 totaled 1,036. Two offerings of the Leadership Certificate through Vancouver Community College drew 359 learners, while two series of the Project Management program attracted 260 participants. Professional development courses, such as Verbal Judo, Supervisory Skills, Effective Workplace Communication, Public Speaking, Training

Others, Minute Taking, Ticho Agreement, etc. brought in an additional 284 individuals. The Diploma in Supply Management saw 133 people take part in different workshops and classes. Twelve completed the entire program. The Continuing Education office in Yellowknife is also involved in coordinating the Northern Leadership Development Program, Certificate in Adult Education, Math 30-1, English 30-1, and Medical Terminology classes.

# School of Developmental Studies



*Student in the School of Development Studies participate in on-the-land camps to learn about Traditional Knowledge and cultures.*

The School of Developmental Studies offers Adult Literacy and Basic Education (ALBE) and Access programming at the three campuses. ALBE includes six levels, ranging from basic literacy to coursework at the Grade 12 level. Access programs provide college preparation and academic prerequisites to allow students to enter and be successful in the various post-secondary programs offered at Aurora College. In 2015-16, six Access Programs were available – Business Administration, Environment & Natural Resources Technology, Nursing, Social Work,

Teacher Education, and Trades – although not all were run at each campus. Several promotional videos were produced, featuring successful Access and ALBE students who have gone on to certificate, diploma, and degree programs at Aurora College.

### **Aurora Campus**

In 2015-16, the Inuvik Learning Centre offered a full slate of Developmental Studies programs, including ALBE and Access programs – Nursing, Social Work, and Teacher Education. Several

students successfully completed the diploma examinations in English, Biology, and Math. One student attained 97 percent on the English 30-2 diploma exam. In December, the Inuvik CLC offered its first half-day of cultural activities, which attracted 21 students. Elder Brian Rogers and Traditional Arts Instructor Gail Ann Raddi led the workshop, where students learned to create either a seal-skin brooch or headband. A second cultural activities day was held in June and included a beading workshop, traditional Inuit games, and a lunch for the students and their families. Instructors at the Inuvik CLC worked to upgrade their own educations, with several enrolled in university courses in an effort to continue to bring excellence to their instruction and passion to their profession.

### **Thebacha Campus Developmental Studies Program 2015-2016**

Thebacha Campus offered a variety of courses including

ALBE and five Access programs – Business Administration, Environment & Natural Resources Technology, Nursing, Teacher Education, and Trades. Students in Trades Access spent time with Journeymen instructors in Carpentry and Plumbing in addition to their academics. In all, 42 students completed Access programs. A total of 43 Developmental Studies students registered for the June diploma exams and 68 learners in ALBE received records of completion. Two cultural activities days for students and instructors were held on the land. Local Elders led workshops and demonstrations of traditional knowledge and skills, such as identifying medicinal plants, skinning muskrats, preparing traditional foods such as moose, duck, and bannock, setting up tents, snowshoeing, making fires, and Dene games. In addition, four instructors are working towards achieving their Master's degrees.

## **Yellowknife North Slave Campus**

Yellowknife North Slave Campus offered courses in ALBE and four Access Programs – Business Administration, Nursing, Social Work, and Teacher Education. Courses in English 30-2, English 30-1, Biology 30, and Math 30-1 were delivered in the evening as part of the University College Education Prep (UCEP) Program through Continuing Education. Two students achieved their NWT Secondary School Diplomas (they are two of the featured students in the promotional videos). Early in the year, students and staff participated in a day-long on-the-land learning

experience with local Elders, who demonstrated traditional skills and knowledge, such as teepee building, making dryfish, and storytelling. A “Northern Games Day”, held in the spring, allowed students and staff to participate in a variety of Inuit and Dene games. Several

instructors enrolled in courses to upgrade their knowledge and skills, including working on a Master's degree at Athabasca University, taking classes towards the Certificate in Adult Education with Aurora College, and attending a Dene Language conference in Yellowknife.

## **Northern Adult Basic Education (NABE)**

The NABE Program is a multi-million-dollar, multi-year program created by the Government of Canada, Canadian Northern Economic Development Agency (CanNor), to address the unique challenges faced by Northerners in participating in the labour market. This program includes educational activities that assist adult learners in achieving sufficient levels of literacy and essential skills (LES) to obtain a job or benefit from further training. The Program is being delivered by the three northern Colleges, Aurora College, Nunavut Arctic College and Yukon College from April 1, 2012, to March 31, 2016.

The overall impact of the NWT NABE program has been significant, with various projects within the program awarded or nominated for territorial and national awards, or nominated as best practices. For example: the NABE partnership between Aurora College and NWT Aboriginal Skills and Employment Training Strategy (ASETS), received the NWT Premier's Award for Collaboration; the Council of Ministers of Education Canada (CMEC) recognized NWT NABE and the Literacy and Essential Skills (LES) courses as national promising practices; the Community Learning Centres

were nominated for an NWT Ministerial Literacy Award for the LES courses delivery process; CanNor cited Aurora College as having a best practice in terms of data collection, analysis, and reporting; and the NABE manager received the 2016 Aurora College Board of Governors' Service Quality Award.

Three new LES courses (Ready to Work NWT, Construction Labourer Basics, and Introduction to Retail and Customer Service) were piloted and evaluated in 16 communities. During the academic year, 275 adult learners participated in the new courses, and completion rates ranged from 71-81%, compared to average completion rates of 49% in ALBE courses. A survey of former ALBE and Access learners- the first of its kind – was conducted. Results showed 56% of former students from 2013-14 and 2014-15 acquired jobs after completing ALBE or Access programs. Work is underway on the Summative Evaluation of NWT NABE program, which will compile data on lessons learned, successes, and challenges of the NABE program. The evaluation will be used as a blueprint for enhancements to for ALBE programming.



# Aurora Research Institute

## Aurora Research Institute

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

## Strategic Planning

Since becoming a part of Aurora College in 1994, ARI has operated without a strategic plan to guide its activities. This has allowed the institute to take advantage of opportunities based on fit and capacity, however, it has also meant that ARI has operated without a structured decision-making process for selecting, designing and monitoring its initiatives. In the summer of 2015, ARI contracted Tait Communications and Consulting to assist in the development of a strategic plan that will guide the institute over the next decade. The plan was developed in consultation with ARI's stakeholders and the Aurora College Research Advisory Council, and will be widely distributed during the 2016-2017 academic year.

## Support for College Research and Tri-Council Eligibility

ARI has recently supported the college in the development of two committees that provide oversight for research activities. The Research Ethics Committee reviews research on human subjects to ensure ethical standards

become eligible to hold funds from two granting councils that are major sources of research funding in Canada: the Social Science and Humanities Research Council (SSHRC) and the Natural Science and Engineering Research Council (NSERC). This 'institutional eligibility' is a significant accomplishment for Aurora College, as it allows faculty and



*ARI published the 30th annual Compendium of Research in the Northwest Territories in 2016, which details research in 2014.*

are met, and the Animal Care Committee reviews the use of animals in instructional programs to ensure they are treated humanely. While both committees primarily serve Aurora College staff and students, they also provide services for external NWT research groups that don't have access to their own institutional committees. In 2014, these rigorous standards of research ethics and administration allowed Aurora College to

staff to access these funds and increases the College's ability to retain northern-based research capacity. It also represents a significant national recognition of the developing research capacity in the college and NWT. In the first half of 2016, college staff were successful in securing their first funding grants, including NSERC Connect and Engage Grants and a SSHRC Community and College Social Innovation Fund award.



### 30 Years of Compendium Publication

The Compendium of Research in the NWT is an annual publication of summary reports for all research licences and permits that were issued in the NWT. The compendia are a collaboration between the four NWT permitting bodies; ARI, the Prince of Wales Northern Heritage Centre, the GNWT Department of Environment and Natural Resources, and Fisheries and Oceans Canada. The compendium was first published in 1984, so the 2014 edition marked the thirtieth consecutive year that this resource was published. All editions are available on the ARI website, as well as in hard copy in the ARI library.

### Licensing

ARI issued 202 NWT research licences in the 2015 calendar year (Fig. 1), which is one of the

highest years on record. The physical sciences accounted for 40% of the issued licences (Fig. 2), followed by the social sciences (28%), and health (11%). All remaining fields (contaminants, biology, traditional knowledge, and engineering) collectively accounted for the remaining 22% of licensed NWT research projects.

### Conducting Research

Many ARI staff are actively involved in research projects across the NWT. In 2015-2016, staff studied the use of indigenous seeds in revegetation efforts, diabetes prevention strategies, intimate partner violence, greenhouse feasibility in northern communities, and climate change. On-going monitoring programs included air quality, alternative energy potential (wind and solar), permafrost, and space science (monitoring of neutron fluxes and the aurora borealis). ARI

staff have actively pursued funds and research grants from many territorial and federal sources in order to conduct new research projects.

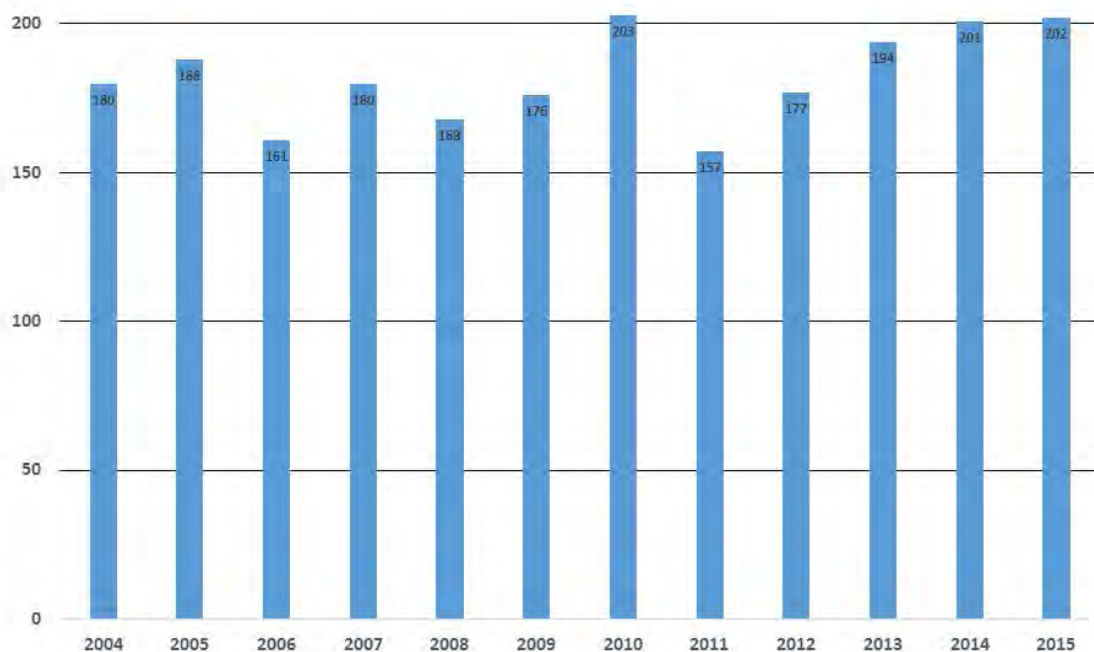
### Research Logistics

ARI facilities supported researchers across the NWT. At WARC, the busiest facility, about 240 individual researchers used ARI's logistical services in 2015, including approximately 100 early-career researchers (college students, graduate students and post-doctoral fellows).

### Science Outreach

In the 2015-2016 academic year, ARI staff facilitated a wide range of outreach activities at all three locations. The ConocoPhillips Scientific Speaker Series provided funds for northern researchers to travel to NWT communities and present their work to a range audiences that included students, youth, and community

The total number of NWT research licences issued by year, 2004-2015



members. Topics over the past year included caribou population dynamics, the experiences of NWT cancer patients, and place-based learning using stories and maps. Other activities that were supported by the regional research centres included science fairs, research presentations, trade shows, public tours, and a youth robotics club. ARI staff also coordinated a Science Rendezvous event in partnership with the East Three Public Schools in Inuvik. Sixteen local organizations staged a total of 40 hands-on science demonstrations for the public; more than 300 school-aged children and their families took part in the event.

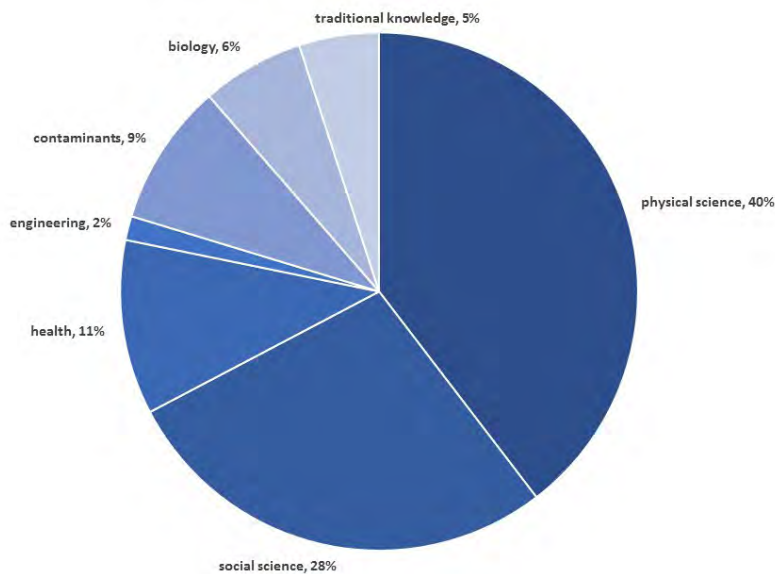
### College Instruction

ARI staff continue to support instruction at Aurora College. ARI staff teach in the nursing, education, and Environment and Natural Resources Technology programs, and provide support for the college's on-the-land educational programming.



*Aurora Research Institute participates in a University of Regina high altitude Balloon experiment with help of the community.*

### Breakdown of 2015 NWT research licences by discipline.





# Student Support Services

Aurora College is proud of the variety and quality of supports provided to students at our three campuses.



# Student Support Services

## Admissions and Registration

The admissions/registration office at each campus is responsible for student admissions, registrations and course changes and maintaining student records. This office also issues marks, transcripts, certificates, diplomas, and all other documents of recognition.

## Accommodation

Aurora College has single and family housing at all three campuses. The number and types of units are outlined in the table to the right

## Student Success Centres

As part of an overall student success initiative, each of the Aurora College campuses has a Student Success Centre. These centres are equipped to assist students in achieving personal and academic success at the College. The Student Success Centres provide academic assistance to students in the form of tutoring, workshops and career counselling.

## Counselling

Aurora College has trained counsellors at all three campuses to assist students with personal and other matters. In addition to one-on-one services, the counsellor offers workshops and presentations, assistance in finding on-line and community resources, and self-help materials.

## Computer Labs

Aurora College students have access to modern, well-equipped computer labs at all three campuses. Most of the 23 Community Learning Centres also have computer labs and/or workstations. In addition, Aurora College students are assigned a "myauroracollege" email account. This email service enables students and instructors to connect, and also provides an email address to students for their personal use.

## Library Services

Aurora College maintains libraries at each of the three campuses and at the Aurora Research Institute. Libraries support students and staff with a full range of library services. Library collections across the three campuses include more than 25,000 books, periodicals, subscriptions, videos, Canadian and government documents, pamphlets, and CD-ROM and web-based resources. Internet access and interlibrary loan services are available at all campus locations.

Campus Location	Type of Units	Total Number of Units
Aurora Campus	Single	30 Units
	Family	24 Units
Thebacha Campus	Single	62 Units
	Family	66 Units
Yellowknife North Slave Campus	Single	16 Units
	Family	48 Units





# 2015 - 2016 Enrolment

Enrolments for the 2015-16 Academic Year are shown on the opposite page. Previous year enrolments are shown for comparative purposes.

Student enrolments are converted to Full Time Equivalents (FTEs). Full-time equivalents are a way of standardizing student counts to compare enrolment from year to year, program to program, and institution to institution. Typically, 1 FTE represents 1 student enrolled in a full course load in a program for 1 academic year. Full-time and part-time students are converted to FTEs based on the proportion of a full program load they are studying. Full-time students must be enrolled in at least 60% of a full program load, in a program that lasts 12 weeks or more. Part-time students are students who do not meet that minimum threshold.

Up until 2014-15, part-time students were converted to FTEs by totaling all courses taken by part-time

students and dividing by 10. Apprenticeship programs were an exception; the ratio used was 4 courses per 1 FTE. However, recent changes in the number of courses offered in several programs has resulted in some inaccuracies in calculations. Research was conducted into how other institutions calculate FTEs, and modifications have been made.

The revised method of calculating FTEs is based on course hours rather than the number of courses. This eliminates over- or under-reporting due to differing lengths and number of courses. The ratio of enrolment to FTEs will be based on the full program load for a student's program. For example, 1 FTE may be given for a full program of 450 hours over two semesters. A student who enrolls in 360 hours of classes in that program will equal 0.8 FTE (360 divided by 450). Apprenticeship students will equal 0.5 FTE per 240 hours of courses.



# Enrolment Information

## Student Enrolment by Campus - Full Time Equivalency

Campus	2015-16	2014-15	2013-14	% Change 15-16	% Change 14-15	% Change 13-14
Aurora	199.6	235.9	224.0	-15%	5%	-4%
Thebacha	358.2	360.0	398.3	-1%	-10%	10%
Yellowknife North Slave	308.6	300.9	325.9	3%	-8%	-4%
<b>Total College</b>	<b>866.4</b>	<b>896.8</b>	<b>948.2</b>	<b>-3%</b>	<b>-5%</b>	<b>2%</b>

## Full Time Equivalent Students by Location by Program Division

School/Division	15-16	14-15	13-14	% Change 15-16	% Change 14-15	% Change 13-14
Continuing Education	105.2	114.1	76.3	-8%	50%	20%
Developmental Studies	371	412.1	410.5	-10%	0%	9%
Arts & Science	33.1	41.4	47.9	-20%	-14%	16%
Business & Leadership	47.3	57.7	95.4	-18%	-40%	-10%
Education	64.2	59.2	49.2	8%	20%	-20%
Health & Human Services	152.2	140.5	130.6	8%	8%	-24%
Trades, Apprenticeship & Industrial Training	93.4	71.8	138.3	30%	-48%	24%
<b>Total</b>	<b>866.4</b>	<b>896.8</b>	<b>948.2</b>	<b>-3%</b>	<b>-5%</b>	<b>2%</b>

## Student Enrolment by Campus (student count)

Campus	15-16 FTE	15-16 PTE	14-15 FTE	14-15 PTE	13-14 FTE	13-14 PTE	% Change 15-16 FT	% Change 15-16 PT	% Change 14-15 FT	% Change 14-15 PT	% Change 15-16 Total	% Change 14-15 Total
Aurora	89	693	124	912	131	528	-28%	-24%	-5%	73%	-25%	57%
Thebacha	190	988	190	948	257	812	0%	4%	-26%	17%	4%	6%
Yellowknife	174	781	185	731	221	710	-6%	7%	-16%	3%	4%	-2%
<b>Total College</b>	<b>453</b>	<b>2462</b>	<b>499</b>	<b>2591</b>	<b>609</b>	<b>2050</b>	<b>-9%</b>	<b>-5%</b>	<b>-18%</b>	<b>26%</b>	<b>-6%</b>	<b>16%</b>

(Source: Registrar - Student Records System)





**AURORA COLLEGE**  
**SPRING CONVOCATION**

**2016**

**School of Arts & Science**

Environment & Natural Resources Technology Diploma – 6  
Traditional Arts Certificate - 3

**School of Business & Leadership**

Business Administration Certificate – 19  
Business Administration Diploma – 9  
Office Administration Certificate – 4

**School of Education**

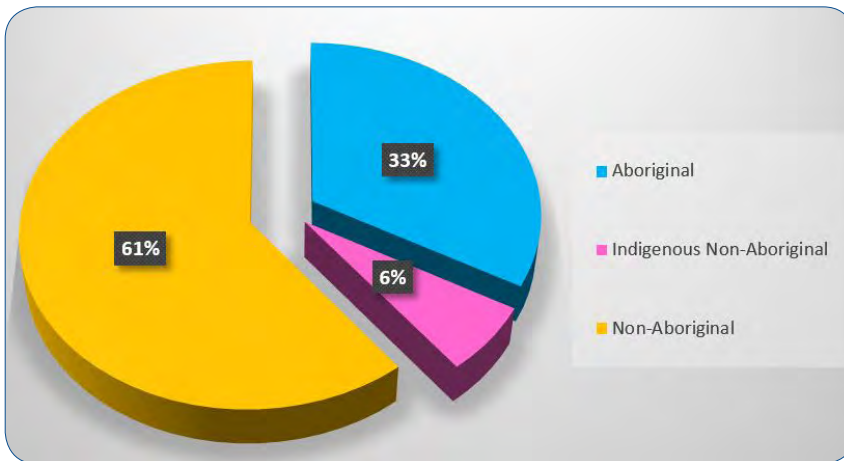
Aboriginal Language & Cultural Instructor Certificate - 2  
Certificate in Adult Education - 2  
Early Childhood Development Certificate – 11  
Bachelor of Education – 6

**School of Health & Human Services**

Community Health Representative Certificate – 2  
Personal Support Worker Certificate – 26  
Social Work Diploma – 4  
Bachelor of Science in Nursing – 11

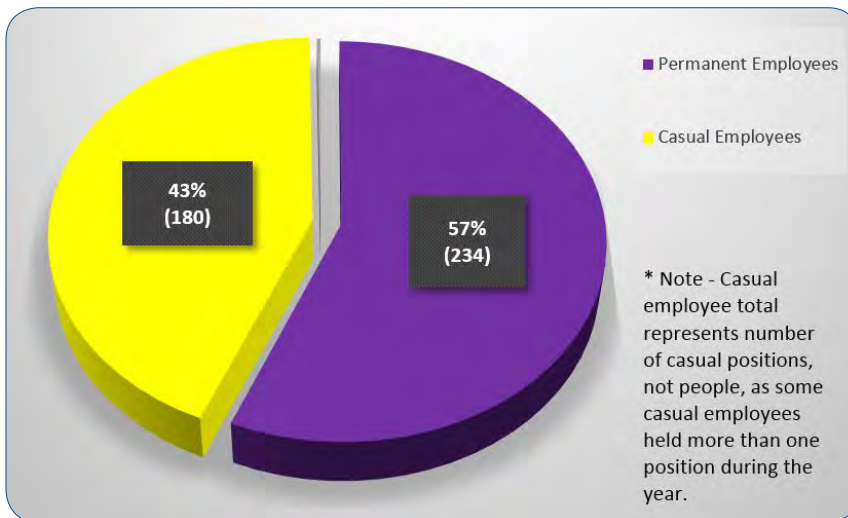


# Supplementary Information



**2015-16 Employees by Priority Status at February 28, 2016**

Aboriginal: 33%  
Indigenous Non-Aboriginal: 6%  
Non-Aboriginal: 61%



**2015-16 Employees by Employment Type at February 28, 2016**

Permanent Employees: 234  
Casual employees: 180

## 2015-16 Revenue by Source

- GNWT Base 66%
- Services Provided without charge 11%
- GNWT Other 6%
- Contributions/ Contract Income 5%
- Tuition 4%
- Federal 3%
- Room and Board 2%
- Recoveries & Other 2%
- Interest 0%



**AURORA COLLEGE**

Audited Financial Statements

June 30, 2016



## **INDEPENDENT AUDITOR'S REPORT**

To the Minister of Education, Culture and Employment

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Aurora College, which comprise the statement of financial position as at 30 June 2016, 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 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Aurora College as at 30 June 2016, 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.

**Report on Other Legal and Regulatory Requirements**

As required by the *Aurora College Act* of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by Aurora College and the financial statements are in agreement therewith. In addition, the transactions of Aurora College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations, the *Aurora College Act* and regulations and the by-laws of Aurora College.



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

24 November 2016  
Edmonton, Canada

## 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 and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors. The external auditors also have full and free access to the Finance Committee.

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



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Jane Arychuk  
President



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Kathy Lepine  
Standing Acting  
Director of Finance/Chief Financial Officer

Fort Smith, Canada  
November 24, 2016



**AURORA COLLEGE**  
**STATEMENT OF FINANCIAL POSITION**  
**as at June 30, 2016**  
(in thousands of dollars)

	<u>2016</u>	<u>2015</u>
<b>Financial assets</b>		
Cash	\$ 9,060	\$ 8,848
Accounts receivable (Note 3)	<u>1,673</u>	<u>2,220</u>
	<u>10,733</u>	<u>11,068</u>
 <b>Liabilities</b>		
Accounts payable and accrued liabilities	898	1,366
Payroll liabilities	1,262	1,398
Deferred revenue	339	244
Due to the Government of the Northwest Territories	730	1,816
Employee future benefits (Note 4)	2,170	2,270
Professional development fund (Note 5)	<u>2,031</u>	<u>1,946</u>
	<u>7,430</u>	<u>9,040</u>
 <b>Net financial assets</b>	 <u><b>3,303</b></u>	 <u><b>2,028</b></u>
 <b>Non-financial assets</b>		
Prepaid expenses	571	655
Tangible capital assets (Note 6)	<u>4,802</u>	<u>5,114</u>
	<u><b>5,373</b></u>	<u><b>5,769</b></u>
 <b>Accumulated surplus (Note 7)</b>	 <u><b>\$ 8,676</b></u>	 <u><b>\$ 7,797</b></u>

Contingent liabilities and commitments (Notes 11 and 12)

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

Approved by the Board:



\_\_\_\_\_  
Kathy Tsetso  
Chairperson of the Board



\_\_\_\_\_  
Mary Beckett  
Chairperson of the Finance Committee

**AURORA COLLEGE**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**for the year ended June 30, 2016**  
(in thousands of dollars)

	<u>Budget</u>	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
<b>Revenues</b>			
Government contributions (Note 8)	\$ 32,936	\$ 33,404	\$ 32,518
Other contributions			
Services provided without charge (Note 10)	5,000	5,730	6,006
Government of the Northwest Territories	3,549	3,274	3,856
Other third party contributions	2,721	2,558	2,312
Government of Canada	1,730	1,663	2,473
Own source revenues			
Tuition fees	815	1,836	1,732
Recoveries and other	339	1,269	1,026
Room and board	778	798	794
Interest income	95	104	113
	<u>47,963</u>	<u>50,636</u>	<u>50,830</u>
<b>Expenses</b>			
Financial and accounting services	2,164	1,966	2,265
Pooled services	7,476	5,169	5,012
Student services	10,245	10,512	10,808
Education and training	17,165	18,970	20,020
Community and extensions	9,708	10,450	11,362
Aurora Research Institute	2,345	2,691	2,478
	<u>49,103</u>	<u>49,758</u>	<u>51,945</u>
<b>Annual surplus / (deficit)</b>	(1,140)	878	(1,115)
<b>Accumulated surplus at beginning of year</b>	<u>7,797</u>	<u>7,797</u>	<u>8,912</u>
<b>Accumulated surplus at end of year</b>	<u>\$ 6,657</u>	<u>\$ 8,675</u>	<u>\$ 7,797</u>

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

**AURORA COLLEGE**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
for the year ended June 30, 2016  
(in thousands of dollars)

	<u>Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<b>Annual surplus / (deficit)</b>	\$ (1,140)	\$ 878	\$ (1,115)
Acquisition of tangible capital assets	-	(693)	(738)
Write-off of tangible capital assets	-	-	101
Disposal of tangible capital assets	-	76	-
Amortization of tangible capital assets	<u>451</u>	<u>929</u>	<u>1,052</u>
	<u>451</u>	<u>312</u>	<u>415</u>
(Increase) decrease in prepaid expenses	<u>-</u>	<u>85</u>	<u>(230)</u>
<b>Increase / (decrease) in net financial assets</b>	(689)	1,275	(930)
<b>Net financial assets at beginning of year</b>	<u>2,028</u>	<u>2,028</u>	<u>2,958</u>
<b>Net financial assets at end of year</b>	<u><b>\$ 1,339</b></u>	<u><b>\$ 3,303</b></u>	<u><b>\$ 2,028</b></u>

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

**AURORA COLLEGE**  
**STATEMENT OF CASH FLOW**  
**for the year ended June 30, 2016**  
(in thousands of dollars)

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Operating transactions</b>		
Cash received from:		
Government of the Northwest Territories	\$ 36,837	\$ 36,707
Students and other third parties	6,944	8,627
Government of Canada	1,663	2,473
Interest	104	113
Cash paid for:		
Cash paid for compensation and benefits	(31,027)	(31,376)
Cash paid to suppliers	<u>(13,692)</u>	<u>(15,160)</u>
<b>Cash provided by operating transactions</b>	<u><b>829</b></u>	<u><b>1,384</b></u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(693)	(738)
Proceeds on tangible capital assets	<u>76</u>	<u>-</u>
<b>Cash used for capital transactions</b>	<u><b>(617)</b></u>	<u><b>(738)</b></u>
<b>Increase in cash</b>	<b>212</b>	<b>646</b>
<b>Cash at beginning of year</b>	<u>8,848</u>	<u>8,202</u>
<b>Cash at end of year</b>	<u><b>\$ 9,060</b></u>	<u><b>\$ 8,848</b></u>

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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**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 to conduct and facilitate research activities in the NWT.

**b) Contributions from the Government of the Northwest Territories**

The College receives monthly contributions from the Government of the Northwest Territories (“Government”) based on appropriations consistent with the Government’s Main Estimates and adjusted for supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College’s adult and post-secondary education programs in the NWT. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). The following is a summary of the significant accounting policies.

**a) Measurement uncertainty**

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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a) Measurement uncertainty (continued)**

assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenue accruals.

**b) Cash**

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

**c) Tangible capital assets**

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

Mobile equipment	3 to 20 years
Building additions and renovations	20 years
Furniture and equipment	2 to 10 years
Leasehold improvements	over the remaining term of the lease

**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 currently required to make contributions with respect to any 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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d) Employee future benefits (continued)**

**ii) Severance, removal and compensated absences (continued)**

commenced, reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

**e) Government contributions**

Government contributions are recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

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

**f) Government contributions – services received without charge**

The Government provides certain services without charge to the College. The estimated value of these services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the College's operations in its financial statements.

**g) Own source revenues**

Tuition fees, room and board, interest income, and other income are recognized on an accrual basis as they are earned.

**h) Other contributions and deferred revenue**

The College provides education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Other contributions and deferred revenue (continued)**

arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the stipulations of these agreements.

Revenue from federal and territorial government departments, agencies and corporations is recorded once the eligibility criteria are met; the payments are authorized, except to the extent that funding stipulations give rise to an obligation that meets the definitions of a liability.

**i) 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.

**j) 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.

**k) Prepaid expenses**

Prepaid expenses are charged to expense over the periods expected to benefit from it.

**l) 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.

**m) 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



**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m) Financial instruments (continued)**

measured at cost. Financial liabilities include accounts payable & accrued liabilities, due to Government of the Northwest Territories and professional development fund which are all measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. The allowance for doubtful accounts is based on management's best estimate of probable losses. The allowance is calculated based on a percentage of specific aged receivables where management believes an impairment has occurred. The allowance is shown as a reduction to accounts receivable. Management recommends write-offs of student accounts that are deemed uncollectible. Student and other receivables related to write-offs are submitted to the Board of Governors for their approval.

**n) 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.

**3. ACCOUNTS RECEIVABLE**

	<u>2016</u>		<u>2015</u>	
	(in thousands)			
	<b>Accounts</b>			
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Net</u>
Government of the Northwest Territories	\$ 299	\$ 2	\$ 297	\$ 447
Federal Government	559	87	472	272
Other	877	32	845	1,413
Students	<u>244</u>	<u>185</u>	<u>59</u>	<u>88</u>
	<u>\$ 1,979</u>	<u>\$ 306</u>	<u>\$ 1,673</u>	<u>\$ 2,220</u>

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**4. EMPLOYEE FUTURE BENEFITS**

**a) Pension benefits**

The College and all eligible employees contribute to the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.15 (2015 - \$1.28) for every dollar contributed by the employee, and \$6.67 (2015 - \$7.13) for every dollar contributed by the employee for the portion of the employee's salary above \$162 thousand (2015 - \$158 thousand).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes \$1.11 (2015 - \$1.28) for every dollar contributed by the employee, and \$6.67 (2015 - \$7.13) for every dollar contributed by the employee for the portion of the employee's salary above \$162 thousand (2015 - \$158 thousand).

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

	<b><u>2016</u></b>	<b><u>2015</u></b>
	(in thousands)	
College's contributions	\$ 2,477	\$ 2,568
Employees' contributions	<u>1,966</u>	<u>1,776</u>
	<u>\$ 4,443</u>	<u>\$ 4,344</u>

**b) Severance, removal and compensated absences**

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

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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**4. 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 and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at June 30, 2016. The effective date of the next actuarial valuation is June 30, 2017. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2016. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for Aurora College.

	<b><u>Severance and Removal</u></b>	<b><u>Compensated Absences</u></b>	<b><u>2016</u></b> (in thousands)	<b><u>2015</u></b>
<b>Changes in Obligation</b>				
Accrued benefit obligations, beginning of year	\$1,820	\$450	\$2,270	\$2,274
Current period benefit cost	141	302	443	412
Interest accrued	45	13	58	56
Benefits payments	(361)	(240)	(601)	(472)
Actuarial (gains)/losses	(429)	(60)	(489)	-
Accrued benefit obligations, end of year	1,216	465	1,681	2,270
Unamortized net actuarial gain	429	60	489	-
<b>Net future obligation</b>	<b>\$1,645</b>	<b>\$525</b>	<b>\$2,170</b>	<b>\$2,270</b>

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**4. EMPLOYEE FUTURE BENEFITS (continued)**

	<b><u>Severance and Removal</u></b>	<b><u>Compensated Absences</u></b>	<b><u>2016</u></b> (in thousands)	<b><u>2015</u></b>
<b>Benefits Expense</b>				
Current period benefit cost	\$141	\$302	\$443	\$412
Interest accrued	45	13	58	56
<b>Total</b>	<b>\$186</b>	<b>\$315</b>	<b>\$501</b>	<b>\$468</b>

**Assumptions**

	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Discount rate	3.2% per annum	2.5% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate	Nil	2.0% per annum

The expected payments during the next five fiscal years are:

	<b><u>Severance and Removal</u></b>	<b><u>Compensated Absences</u></b>	<b><u>Total</u></b>
	(in thousands)		
2017	\$280	\$100	\$380
2018	173	65	238
2019	143	52	195
2020	121	43	164
2021	98	40	138
<b>Total</b>	<b>\$815</b>	<b>\$300</b>	<b>\$1,115</b>

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**5. PROFESSIONAL DEVELOPMENT FUND**

Under collective agreements, the College is required annually to make contributions to the professional development fund, in the amount of a) 3% of eligible instructor's salaries, and b) \$750 for each eligible instructor. Contributions made to the professional development fund are recorded as an expense in the Statement of Operations and accumulated Surplus.

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

	<b><u>2016</u></b>	<b><u>2015</u></b>
	(in thousands)	
Professional development fund, beginning of year	\$ 1,946	\$ 1,961
Contributions	410	433
Recovery of funds	42	-
Professional development paid during the year	<u>(367)</u>	<u>(448)</u>
Professional development fund, end of year	<u>\$ 2,031</u>	<u>\$ 1,946</u>

Aurora College  
Notes to the Financial Statements  
June 30, 2016

**6. TANGIBLE CAPITAL ASSETS**

(in thousands)

<b>June 30, 2016</b>	<b>Mobile equipment</b>	<b>Building additions and renovations</b>	<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b>Cost</b>						
Opening balance	\$ 5,483	\$ 1,991	\$ 5,418	\$ 2,140	\$ 15,032	\$ 15,926
Additions	-	-	588	105	693	738
Disposals	(429)	-	-	-	(429)	-
Write-off	-	-	-	-	-	(1,557)
Closing balance	<u>5,054</u>	<u>1,991</u>	<u>6,006</u>	<u>2,245</u>	<u>15,296</u>	<u>15,107</u>
<b>Accumulated amortization</b>						
Opening balance	2,900	1,742	3,910	1,366	9,918	10,397
Amortization	236	100	477	116	929	1,052
Disposals	(353)	-	-	-	(353)	-
Write-off	-	-	-	-	-	(1,456)
Closing balance	<u>2,783</u>	<u>1,842</u>	<u>4,387</u>	<u>1,482</u>	<u>10,494</u>	<u>9,993</u>
<b>Net book value</b>	<u><b>\$ 2,271</b></u>	<u><b>\$ 149</b></u>	<u><b>\$ 1,619</b></u>	<u><b>\$ 763</b></u>	<u><b>\$ 4,802</b></u>	<u><b>\$ 5,114</b></u>

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**7. ACCUMULATED SURPLUS**

The accumulated surplus balance includes the net book value of tangible capital assets transferred to the College when it was established and the results of operations since that date. The following appropriations have been made from accumulated surplus:

Reserves	(in thousands)				
	Balance, opening July 1, 2015	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2016
a) Mallik research reserve	\$ 100	\$ -	\$ -	\$ -	\$ 100
b) Northern strategic research reserve	492	-	5	-	498
c) Program delivery	300	-	-	-	300
d) Research & development	145	-	36	(37)	144
e) HEO replacement & maintenance	-	-	-	-	-
f) Restricted donations	35	-	-	-	35
<b>Total reserves</b>	<b>1,072</b>	<b>-</b>	<b>41</b>	<b>(37)</b>	<b>1,077</b>
<b>Operating surplus (deficit)</b>	<b>6,725</b>	<b>878</b>	<b>(41)</b>	<b>37</b>	<b>7,598</b>
<b>Total accumulated surplus</b>	<b>\$ 7,797</b>	<b>\$ 878</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,675</b>

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**7. ACCUMULATED SURPLUS (continued)**

**a) Mallik research reserve**

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside to complete the scientific publishing.

**b) 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.

**c) Program delivery**

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Board of Governors.

**d) 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.

**e) HEO (Heavy Equipment Operator) replacement & maintenance**

This appropriation is established to help fund replacement and maintenance of the HEO program heavy equipment. Annually net equipment rental fees charged to the third party contractors for HEO courses are transferred to this appropriation. Use of the appropriation must be approved by the Board of Governors.

**f) 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.



**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**8. GOVERNMENT CONTRIBUTIONS**

	<u>2016</u>	<u>2015</u>
	(in thousands)	
Operating contributions	\$32,947	\$ 32,325
Capital contributions	<u>457</u>	<u>193</u>
	<u>\$33,404</u>	<u>\$ 32,518</u>

**9. RELATED PARTIES**

The College is related in terms of common ownership to all Government created departments, territorial corporations and public agencies. The College enters into transactions with these entities in the normal course of business at normal trade terms.

The College has Government receivables from tuition revenue, contract revenue and the base funding contribution. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits and other expenses.

	<u>2016</u>	<u>2015</u>
		(in thousands)
Accounts receivable (Note 3)	\$ 299	\$ 458
Amounts due to the Government	\$ 730	\$ 1,816

**Expenses**

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$1,072,000 (2015 – \$820,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

**10. SERVICES PROVIDED WITHOUT CHARGE**

During the year, the College received without charge from the Government services including utilities \$2,048,000 (2015 – \$2,495,000) and repairs and maintenance \$1,237,000 (2015 – \$ 1,264,000).

Payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services were also provided to the College without charge. These services would have cost the College an estimated \$257,000 (2015 – \$ 216,000)

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**10. SERVICES PROVIDED WITHOUT CHARGE (continued)**

based on the exchange amount confirmed by the related parties.

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated \$1,841,000 (2015 – \$ 1,818,000) based on the Government’s amortization expense for these assets.

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period amounted to \$347,000 (2015 – \$ 213,000).

	<u>2016</u>	<u>2015</u>
	(in thousands)	
Contract services	\$ 257	\$ 216
Repairs and maintenance	1,237	1,264
Building utilities	2,048	2,495
Building leases	1,841	1,818
Medical travel	347	213
	<u>\$ 5,730</u>	<u>\$ 6,006</u>

**11. CONTINGENT LIABILITIES**

The College is subject to claims and lawsuits arising in the ordinary course of operations. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material financial impact on the College's financial position, results of operations or liquidity.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**12. COMMITMENTS**

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

	<u>Service agreements</u>	<u>Operating leases</u>
	(in thousands)	
2017	\$ 221	\$ 4,635
2018	101	2,253
2019	31	1,227
2020	23	529
Thereafter	5	-
	381	\$ 8,644

**13. FINANCIAL RISK MANAGEMENT**

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

**a) Liquidity risk**

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

**b) Credit risk**

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

**Cash**

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is \$9,060,000 (2015 - \$8,848,000).

**Accounts receivable**

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at 30 June 2016

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**13. FINANCIAL RISK MANAGEMENT (continued)**

the College's debtors are the Government of the Northwest Territories, 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 \$1,673,000 (2015 - \$2,220,000).

At 30 June 2016 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days \$8,000; 61-90 days \$5,000; and over 90 days \$20,000.

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

	91-365 days	1 to 2 years	over 2 years
Government of the Northwest Territories	\$1,000	\$3,000	Nil
Other third parties	\$39,000	\$3,000	Nil
Federal Government	\$124,000	\$1,000	Nil

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

**c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash. This risk is not significant due to the short terms to maturity of cash.

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

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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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

**15. SEGMENT DISCLOSURE**

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). For management reporting purposes the College's operations and activities are organized and reported by funds (Schedule A). Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with the budget, strategy and work plan, restrictions or limitations. The College's services are provided by departments and their activities are reported in these funds.

Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**Finance and accounting**

Finance's role is to ensure the long term viability of the College including the preparation and controls over the budgets, financial reporting, the implementation and oversight of financial controls, and management of the cash flows. Finance includes the functioning of the head office and regional offices.

**Pooled services**

This represents College wide expenditures which are required for the global operation. These represent allocation of costs related to professional development, amortization, cost of employee future benefits, and costs for the President's Office. The Office of the President includes services related to the operations of the College, plus communications and public relations. The Office of the President is mandated to manage the daily operations of the College, pursue its missions and vision, and develop and implement a strategic plan to ensure the long term success of the College.

**Student services**

Student services include Fort Smith, Yellowknife, and Inuvik locations facilities and the registrar and regional admission offices.

**Education and training**

Education and training includes the vice-president education and training, school of trades, school of education, school of business and leadership, school of health and human services, school of arts and science, information systems and technology, and the

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2016**

**15. SEGMENT DISCLOSURE (continued)**

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 to conduct and facilitate research activities in the NWT.

**16. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. This includes the 2015 cash equivalents balance that was reclassified to cash to better reflect the underlying nature of these items.

**Aurora College**  
**Segmented disclosures**  
**June 30, 2016**

Schedule A

	Financial and accounting (in thousands)	Pooled services ** (in thousands)	Student services (in thousands)	Education and training (in thousands)	Community and extensions (in thousands)	Aurora Research Institute (in thousands)	2016 Total (in thousands)	2016 Budget (in thousands)	2015 Total (in thousands)
<b>For the period ended June 30, 2016</b>									
<b>Revenues</b>									
Government Contributions	\$ 1,753	\$ 3,178	\$ 9,091	\$ 10,489	\$ 7,260	\$ 1,633	\$ 33,404	\$ 32,936	\$ 32,518
Other Contributions									
Services Provided without Charge	-	1,841	-	3,889	-	-	5,730	5,000	6,006
Government of the Northwest Territories	-	-	39	2,163	810	262	3,274	3,549	3,856
Other third party contributions	-	19	10	1,900	363	266	2,558	2,721	2,312
Federal government	-	-	-	-	1,488	175	1,663	1,730	2,473
Own Source Revenue									
Tuition fees	-	-	72	964	800	-	1,836	815	1,732
Recoveries and other	29	255	162	718	26	79	1,269	339	1,026
Room and board	-	-	729	-	-	69	798	778	794
Interest income	104	-	-	-	-	-	104	95	113
	<u>1,886</u>	<u>5,293</u>	<u>10,103</u>	<u>20,123</u>	<u>10,747</u>	<u>2,484</u>	<u>50,636</u>	<u>47,963</u>	<u>50,830</u>
<b>Expenses</b>									
Compensation and benefits	1,708	1,472	4,617	11,844	8,468	1,938	30,047	29,494	30,255
Building leases	-	1	4,973	1,841	-	-	6,815	9,911	6,982
Materials and supplies	18	310	236	732	218	73	1,587	1,805	1,839
Utilities	-	-	156	2,058	3	10	2,227	219	2,687
Contract services	49	380	81	243	309	329	1,391	2,475	2,157
Repairs and maintenance	2	1,244	226	276	49	6	1,803	1,473	1,797
Small equipment	5	83	31	429	17	24	589	300	465
Fees and payments	68	531	42	469	65	72	1,247	1,244	1,431
Travel and accommodation	45	141	45	310	193	127	861	1,206	1,271
Professional services	2	8	7	573	956	15	1,562	-	1,290
Amortization of tangible capital assets	-	929	-	-	-	-	929	451	1,052
Communication, postage and freight	69	70	98	195	172	96	700	525	719
	<u>1,966</u>	<u>5,169</u>	<u>10,512</u>	<u>18,970</u>	<u>10,450</u>	<u>2,691</u>	<u>49,758</u>	<u>49,103</u>	<u>51,945</u>
<b>Annual surplus (deficit)</b>	<b>\$ (80)</b>	<b>\$ 124</b>	<b>\$ (409)</b>	<b>\$ 1,153</b>	<b>\$ 297</b>	<b>\$ (207)</b>	<b>\$ 878</b>	<b>\$ (1,140)</b>	<b>\$ (1,115)</b>

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







**ARCTIC ENERGY ALLIANCE**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the year ended March 31, 2017

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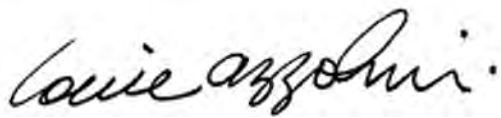
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## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

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



Louie Azzolini  
Executive Director

September 18, 2017

## 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, 2017, 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.

### *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 Society'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 Society'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, 2017, 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 & Co. Ltd.*

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

September 18, 2017

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF FINANCIAL POSITION

March 31, 2017

### ASSETS

	<u>2017</u>	<u>2016</u>
<b>CURRENT</b>		
Cash	\$ 27,581	\$ 515,527
Short term investments (note 3)	1,095,701	543,299
Accounts receivable (note 4)	523,266	358,643
Prepaid expenses	<u>13,314</u>	<u>187,064</u>
	1,659,862	1,604,533
<b>TANGIBLE CAPITAL ASSETS (note 5)</b>	<u>69,521</u>	<u>87,970</u>
	<u><u>\$ 1,729,383</u></u>	<u><u>\$ 1,692,503</u></u>

### LIABILITIES

<b>CURRENT</b>		
Bank indebtedness	\$ 229,958	\$ -
Wages and benefits payable	165,455	112,041
Government remittances payable (note 6)	6,075	30,726
Trade payables and accruals (note 7)	314,861	340,931
Provision for rebates (note 8)	29,066	16,800
Deferred revenue (note 9)	<u>160,393</u>	<u>351,828</u>
	905,808	852,326
<b>DEFERRED GOVERNMENT ASSISTANCE (note 10)</b>	<u>18,444</u>	<u>22,150</u>
	<u>924,252</u>	<u>874,476</u>

### NET ASSETS

<b>RESERVES per page 3</b>	731,212	709,605
<b>INVESTED IN TANGIBLE CAPITAL ASSETS per page 3</b>	43,076	57,820
<b>ACCUMULATED SURPLUS per page 3</b>	<u>30,843</u>	<u>50,602</u>
	<u>805,131</u>	<u>818,027</u>
	<u><u>\$ 1,729,383</u></u>	<u><u>\$ 1,692,503</u></u>

Approved:

  
\_\_\_\_\_  
President  
Director

  
\_\_\_\_\_  
SCOTT REID  
Director

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>REVENUES</b>			
Contributions from GNWT	\$ 3,667,000	\$ 3,803,471	\$ 3,264,595
Contributions from Canada	100,000	81,186	5,461
Other source income	144,614	149,140	186,710
Membership fees	277,500	277,500	277,500
Interest income	9,000	10,065	9,491
	<u>4,198,114</u>	<u>4,321,362</u>	<u>3,743,757</u>
<b>EXPENSES</b>			
Advertising and promotion	68,647	47,577	52,778
Amortization	18,900	18,450	23,307
Consulting fees	48,500	168,183	90,627
Equipment rental	4,600	3,279	24,426
Facility rental and tradeshow fees	21,637	10,317	14,577
Fees and dues	4,155	12,725	5,992
Hospitality	23,000	13,892	8,834
Insurance	13,000	13,265	12,190
Interest and bank charges	4,800	5,010	5,285
Office and general	435,046	552,384	243,858
Professional development	57,050	25,825	39,691
Professional fees	20,000	22,433	25,801
Rebates	805,000	709,901	906,207
Rent and utilities	158,600	155,981	146,336
Telephone, Internet and Website	46,400	36,689	34,870
Travel and accommodation	314,558	288,835	148,076
Wages and benefits	2,207,140	2,249,512	1,899,285
	<u>4,251,033</u>	<u>4,334,258</u>	<u>3,682,140</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ (52,919)</u>	<u>\$ (12,896)</u>	<u>\$ 61,617</u>

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2017

	2017			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
<b>BALANCE, opening</b>	\$ 50,602	\$ 709,605	\$ 57,820	\$ 818,027
Deficiency of revenues over expenses	(12,896)	-	-	(12,896)
Transfer to reserves (note 15)	(21,607)	21,607	-	-
Amortization of tangible capital assets	18,450	-	(18,450)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
<b>BALANCE, closing</b>	<u>\$ 30,843</u>	<u>\$ 731,212</u>	<u>\$ 43,076</u>	<u>\$ 805,131</u>
	2016			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
<b>BALANCE, opening</b>	\$ 133,526	\$ 566,000	\$ 56,884	\$ 756,410
Excess of revenues over expenses	61,617	-	-	61,617
Transfer to reserves	(143,605)	143,605	-	-
Purchase of tangible capital assets	(28,537)	-	28,537	-
Amortization of tangible capital assets	23,307	-	(23,307)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
Asset retirement obligation	8,000	-	(8,000)	-
<b>BALANCE, closing</b>	<u>\$ 50,602</u>	<u>\$ 709,605</u>	<u>\$ 57,820</u>	<u>\$ 818,027</u>



# ARCTIC ENERGY ALLIANCE

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES (note 18)</b>		
<b>Cash received from:</b>		
GNWT contributions	\$ 3,589,979	\$ 3,691,532
Membership fees	322,500	270,000
Other source income	138,003	139,949
Interest income	7,663	6,444
Canada contributions	-	19,350
	4,058,145	4,127,275
<b>Cash paid for:</b>		
Wages and benefits	2,220,748	1,851,507
Materials and services	1,911,214	1,807,154
GNWT contributions returned	98,948	109,371
	4,230,910	3,768,032
	(172,765)	359,243
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	-	(28,537)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of short term investments	544,861	60,776
Purchase of short term investments	(1,090,000)	(540,000)
	(545,139)	(479,224)
<b>DECREASE IN CASH</b>	(717,904)	(148,518)
<b>CASH, opening</b>	515,527	664,045
<b>(BANK INDEBTEDNESS) CASH, closing</b>	\$ (202,377)	\$ 515,527
<b>REPRESENTED BY:</b>		
Cash	\$ 27,581	\$ 515,527
Cheques issued in excess of deposits	(229,958)	-
	\$ (202,377)	\$ 515,527

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 1. NATURE OF OPERATIONS

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Cash equivalents

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

#### (b) Financial instruments

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

#### (c) Tangible capital assets

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

Computer equipment	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, 2017

### 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.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) Measurement uncertainty

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

Significant estimates include the determination of the useful lives of tangible capital assets, 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.

### 3. SHORT TERM INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
0.74% interest, cashable, matured July 14, 2017	\$ 1,000,000	\$ 450,000
1.385% interest, non-redeemable, matures December 2, 2017	90,000	90,000
Accrued interest	<u>5,701</u>	<u>3,299</u>
	<u>\$ 1,095,701</u>	<u>\$ 543,299</u>

### 4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Contributions receivable:		
Government of the Northwest Territories	\$ 304,176	\$ 227,154
Government of Canada	<u>80,382</u>	<u>-</u>
Total contributions receivable	384,558	227,154
Members	37,500	32,500
Other	115,520	113,301
Allowance for doubtful accounts	<u>(14,312)</u>	<u>(14,312)</u>
	<u>\$ 523,266</u>	<u>\$ 358,643</u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 5. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 36,010	\$ 19,030	\$ 16,980	\$ 24,256
Computer software	33,028	22,199	10,829	16,984
Heating equipment	36,242	7,354	28,888	30,700
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	29,636	12,824	16,030
	\$ 175,136	\$ 105,615	\$ 69,521	\$ 87,970

During the year, the Society purchased tangible capital assets with a cost of \$nil (2016 - \$28,537) of which \$nil (2016 - \$nil) was acquired by means of assuming directly related liabilities and the balance of \$nil (2016 - \$28,537) was paid cash.

Net assets invested in tangible capital assets as at March 31, 2017 are as follows:

	2017	2014
Tangible capital assets	\$ 69,521	\$ 87,970
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(18,445)	(22,150)
Net assets invested in tangible capital assets per page 3	\$ 43,076	\$ 57,820

### 6. GOVERNMENT REMITTANCES PAYABLE

	2017	2016
Payroll remittances payable	\$ -	\$ 25,303
Related parties:		
Workers' Safety and Compensation Commission	2,786	2,509
GNWT - Department of Finance	3,289	2,914
	\$ 6,075	\$ 30,726

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 7. TRADE PAYABLES AND ACCRUALS

	2017	2016
Accrued liabilities:		
EEIP rebates	\$ 10,234	\$ 4,500
Other	207,258	40,425
Pellet boiler asset retirement obligation	8,000	8,000
	225,492	52,925
Trade payables	89,369	288,006
	\$ 314,861	\$ 340,931

### 8. PROVISION FOR REBATES

Under the Energy Efficiency Incentive Program (EEIP) with the GNWT-PWS, 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.

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, are reported below as additional prior year rebates. Changes during the year in the provision for EEIP rebates are as follows:

	2017	2016
Provision for the current year	\$ 29,066	\$ 16,800
Rebates paid previously provided for	(4,798)	(18,080)
Unused provision reversed	(12,002)	(24,920)
Change in provision during the year	12,266	(26,200)
Provision for rebates, opening	16,800	43,000
Provision for rebates, closing	\$ 29,066	\$ 16,800

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 9. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Public Works and Services (PWS). 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.

	2017	2016
Restricted contributions balance, opening	\$ 321,420	\$ 159,240
Receipts	3,400,000	3,338,000
Funding receivable	347,383	189,979
In-kind	-	8,167
Repayments	(98,949)	(109,371)
Funding expended	(3,883,854)	(3,264,595)
Restricted contributions balance, closing	86,000	321,420
Fee for service received in advance	24,393	30,408
Membership fees received in advance: GNWT-ENR	50,000	-
Total deferred revenue	\$ 160,393	\$ 351,828

### 10. DEFERRED GOVERNMENT ASSISTANCE

	2017		2016	
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology:				
Wood pellet boiler	\$ 14,121	\$ 3,177	\$ 10,944	\$ 11,650
GNWT-ENR - Energy Efficiency Incentive Program: Database	15,000	7,500	7,500	10,500
	\$ 29,121	\$ 10,677	\$ 18,444	\$ 22,150

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 11. RESERVES

During the year, Arctic Energy Alliance transferred \$21,607 (2016 - \$143,605) from unrestricted net assets to meet its capital management objectives as described in note 15. The reserves at March 31, 2017 of \$731,212 (2016 - \$709,605) represent the minimum required net assets to support the reserves. These internally restricted reserves are not available for unrestricted purposes without approval of the Board of Directors.

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

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

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Excess (deficiency) of revenues over expenses per page 2	\$ (52,919)	\$ (12,896)	\$ 61,617
	-	-	-
Acquisition of tangible capital assets	-	-	(28,537)
Amortization of tangible capital assets	18,900	18,449	23,307
Acquisition of prepaid expenses	-	(9,624)	(203,756)
Use of prepaid expenses	-	183,374	54,305
Amortization - deferred government assistance	-	(3,706)	(3,706)
	(34,019)	175,597	(96,770)
Increase (decrease) in net financial assets			
Net financial assets, opening	<u>565,143</u>	<u>565,143</u>	<u>661,913</u>
Net financial assets, closing (note 15)	<u>\$ 531,124</u>	<u>\$ 740,740</u>	<u>\$ 565,143</u>

### 12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	<u>2017</u>		<u>2016</u>
Government of the Northwest Territories	\$ 150,000		\$ 150,000
Government of Nunavut	50,000		50,000
GNWT - Crown Corporations	67,500		67,500
Other	10,000		10,000
	<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, 2017

### 12. MEMBERSHIP FEES, continued

	2017	2016
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	50,000	50,000
	150,000	150,000
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	12,500	12,500
	67,500	67,500
	\$ 217,500	\$ 217,500

### 13. 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.

### 14. COMMITMENTS

The Society has entered into operating leases for office space expiring February 28, 2019 and office equipment expiring June 12, 2020 in Yellowknife. Future minimum lease payments are as follows.

	Office Space	Office Equipment	Total
2018	\$ 66,420	\$ 3,201	\$ 69,621
2019	60,885	3,201	64,086
2020	-	801	801
	\$ 127,305	\$ 7,203	\$ 134,508

The lease for office space carries an extension of term option from March 1, 2019 to March 1, 2020.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 14. COMMITMENTS, continued

Commencing September 2010 and ended October 2015, and included in revenue, are in-kind contributions regarding office space in Norman Wells, NWT with a fair value of \$nil (2016 - \$8,167) from the GNWT-ENR. The office is in connection with the Regional Offices program.

### 15. 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.

At March 31, 2017, 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, 2017 are as follows:

	<u>2017</u>	<u>2016</u>
Accumulated Surplus	\$ 30,843	\$ 50,602
Reserves	731,212	709,605
Invested in Tangible Capital Assets	<u>43,076</u>	<u>57,820</u>
Net assets per page 3	<u>805,131</u>	<u>818,027</u>
Less: Non-financial assets:		
Prepaid expenses	13,314	187,064
Tangible capital assets	69,521	87,970
Deferred government assistance	<u>(18,444)</u>	<u>(22,150)</u>
	<u>64,391</u>	<u>252,884</u>
Net financial assets (note 11)	<u>\$ 740,740</u>	<u>\$ 565,143</u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 15. CAPITAL MANAGEMENT, continued

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 funded by short term investments as described in note 3.

Contingency Reserve - To set aside funds for contingencies which may arise. This \$70,000 capped reserve is increased annually based on one half of one percent of the Society's total revenue for the year.

	<u>Opening Balance</u>	<u>Transfers</u>	<u>Closing Balance</u>
Operating Reserve	\$ 600,000	\$ -	\$ 600,000
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	<u>19,605</u>	<u>21,607</u>	<u>41,212</u>
	<u>\$ 709,605</u>	<u>\$ 21,607</u>	<u>\$ 731,212</u>

### 16. ALLOCATED EXPENSES

During the year, the Society allocated \$12,485 (2016 - \$333,363) representing administration and overhead allocated to programs at a nil% (2016 - 15%) rate, or a predetermined rate. These inter-program allocations have been eliminated in the Statement of Operations and in Schedule II.

### 17. BUDGET AMOUNTS

The 2017 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

### 18. SUPPLEMENTAL CASH FLOW INFORMATION

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

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 18. SUPPLEMENTAL CASH FLOW INFORMATION, continued

	2017	2016
Excess (deficiency) of revenues over expenses per page 2	\$ (12,896)	\$ 61,617
Items not affecting cash:		
Amortization of tangible capital assets	18,450	23,307
Amortization of deferred government assistance	(3,706)	(3,706)
Change in accrued interest from GICs	(2,402)	(3,047)
Interest income received relating to short term investments	(4,862)	(776)
	(5,416)	77,395
Net change in non-cash operating working capital accounts:		
Decrease (increase) in accounts receivable	(164,623)	166,422
Decrease (increase) in prepaid expenses	173,750	(149,450)
Increase in wages and benefits payable	53,414	50,947
Decrease in government remittances payable	(24,651)	(3,167)
Increase (decrease) in trade payables and accruals	(26,070)	94,955
Increase (decrease) in provision for rebates	12,266	(26,200)
Increase (decrease) in deferred revenue	(191,435)	148,341
	(167,349)	281,848
Cash flows from (used for) operating activities per page 4	\$ (172,765)	\$ 359,243

### 19. RELATED PARTIES

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

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

	2017	2016
Expenses		
Aurora College - Rent	\$ 15,260	\$ 12,000
Workers' Safety and Compensation Commission	10,342	9,697
	\$ 25,602	\$ 21,697

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 19. RELATED PARTIES, continued

	<u>2017</u>	<u>2016</u>
Receivables from related parties:		
GNWT-ENR	\$ 37,176	\$ 37,176
GNWT-Department of Finance	-	46,999
GNWT-Department of Health and Social Services	132	-
GNWT-Department of Public Works and Services	267,000	142,980
Northwest Territories Power Corporation	15,000	10,000
NWT Housing Corporation	73,085	73,085
Public Utilities Board of the Northwest Territories	<u>12,500</u>	<u>12,500</u>
	<u>\$ 404,893</u>	<u>\$ 322,740</u>
 Payables to related parties: Aurora College	 <u>\$ 3,478</u>	 <u>\$ 3,488</u>

### 20. 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, 2017

Program	Opening balance	Cash funding received	Funding receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
<b>CONTRIBUTIONS</b>								
<b>GOVERNMENT OF CANADA</b>								
<b>Department of Natural Resources (NRCan)</b>								
NRCan Northern Smart Energy Communities Pilot	\$ -	\$ -	\$ 80,383	\$ -	\$ -	\$ 80,383	\$ 80,383	\$ -
<b>GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)</b>								
<b>Department of Environment and Natural Resources (ENR)</b>								
Energy Efficiency Incentive Program (EEIP)	24,920	-	-	-	-	24,920	(12,002)	36,922
<b>Department of Public Works and Services (PWS)</b>								
Base Funding	-	1,400,000	200,000	-	103,523	1,703,523	1,670,663	32,860
Alternative Energy Technologies Program (AETP)	-	200,000	-	-	(289)	199,711	199,475	236
Biomass Energy	-	100,000	57,000	-	(8,308)	148,692	147,074	1,618
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	11,059	211,059	210,823	236
Community Government Energy Retrofits (CGERP)	11,137	200,000	-	(8,228)	(136,482)	66,427	66,427	-
Community Government Energy Retrofits (CGERP) - HVAC Communities	-	50,000	-	-	(13,738)	36,262	36,262	-
Community Government Energy Retrofits (CGERP) - HVAC Commercial	-	50,000	-	-	(562)	49,438	49,438	-
Community Government Solar Projects	-	80,000	10,000	-	30,839	120,839	120,839	-
Community LED Swap Out	-	300,000	-	-	1,099	301,099	301,099	-
Community Renewable Energy Program (CREP)	-	100,000	-	-	(1,090)	98,910	98,910	-
Community Wood Stove Purchase & Installation Partnership	-	130,000	-	-	27,429	157,429	157,429	-
Condominium Corporations Biomass (AETP)	-	50,000	-	-	(43,198)	6,802	6,802	-
Energy Information and Awareness and CEP Profiles	-	25,000	-	-	6,062	31,062	31,062	-
Energy Management Program (EMP)	33,160	-	-	(33,160)	-	-	-	-
Energy Rating Services Support (ERS)	-	150,000	-	-	-	150,000	149,447	553
Energy Rating Services Support (ERS) Home Energy Rating Follow-up Rebate	-	65,000	-	-	(15,525)	49,475	49,475	-
Energy Efficiency Incentive Program (EEIP)	16,840	200,000	-	(16,840)	39,181	239,181	238,731	450
REACHE LED & Energy Efficiency Retrofits	-	100,000	-	-	-	100,000	90,066	9,934
Regional Offices	64,410	-	-	-	-	64,410	61,219	3,191
<b>Total PWS</b>	<b>125,547</b>	<b>3,400,000</b>	<b>267,000</b>	<b>(58,228)</b>	<b>-</b>	<b>3,734,319</b>	<b>3,685,241</b>	<b>49,078</b>
<b>Department of Finance (DOF)</b>								
Community LED Swap Out	102,439	-	-	-	-	102,439	102,439	-
Community Government Solar Projects	7,287	-	-	(7,287)	-	-	-	-
Community Government HVAC Re-commissioning	27,666	-	-	(27,666)	-	-	-	-
Energy Information and Awareness	17,651	-	-	-	-	17,651	17,651	-
Energy Information and Awareness - Community Energy Profiles	15,910	-	-	(5,768)	-	10,142	10,142	-
<b>Total DOF</b>	<b>170,953</b>	<b>-</b>	<b>-</b>	<b>(40,721)</b>	<b>-</b>	<b>130,232</b>	<b>130,232</b>	<b>-</b>
<b>Total GNWT</b>	<b>321,420</b>	<b>3,400,000</b>	<b>267,000</b>	<b>(98,949)</b>	<b>-</b>	<b>3,889,471</b>	<b>3,803,471</b>	<b>86,000</b>
<b>Total contributions (note 9)</b>	<b>\$ 321,420</b>	<b>\$ 3,400,000</b>	<b>\$ 347,383</b>	<b>\$ (98,949)</b>	<b>\$ -</b>	<b>\$ 3,969,854</b>	<b>\$ 3,883,854</b>	<b>\$ 86,000</b>

See accompanying notes.

**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

**Schedule II**

For the year ended March 31, 2017

	Total	Base Funding	Energy Management Program (EMP)	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program (ERS)	Energy Efficiency Incentive Program (EEIP)
<b>REVENUES</b>						
Contributions from GNWT	\$ 3,803,471	\$ 858,951	\$ 146,630	\$ 199,711	\$ 150,000	\$ 239,181
Contributions from Canada	81,186	804	-	-	-	-
Other Source Income	145,434	98,038	-	-	6,600	-
Membership Fees	277,500	277,500	-	-	-	-
Interest Income	10,065	10,065	-	-	-	-
Administration Fees	-	12,485	-	-	-	-
	<u>4,317,656</u>	<u>1,257,843</u>	<u>146,630</u>	<u>199,711</u>	<u>156,600</u>	<u>239,181</u>
<b>EXPENDITURES</b>						
Administration Fees	-	-	-	-	-	-
Advertising & Promotion	29,371	2,622	635	-	-	392
Consulting Fees	168,173	63,194	-	-	4,563	1,530
Equipment Rental	3,279	3,279	-	-	-	-
Facility Rental & Tradeshow Fees	10,317	1,550	2,612	-	-	-
Fees & Dues	12,725	5,827	266	154	461	-
Hospitality	13,892	3,733	-	-	-	-
Insurance	13,265	12,879	-	-	-	-
Interest & Bank Charges	5,010	5,010	-	-	-	-
Office & General	449,914	29,576	1,098	-	4,275	185
Professional Development	29,624	5,434	2,505	773	2,407	450
Professional Fees	22,433	22,433	-	-	-	-
Rebates	709,901	(12,002)	-	140,796	-	192,349
Rent & Utilities	155,981	92,603	-	-	-	-
Telephone, Internet & Website	35,915	19,965	-	-	-	-
Travel & Accommodation	232,747	22,749	2,810	-	153	-
Wages & Benefits	2,249,512	770,341	136,705	57,989	180,945	44,276
	<u>4,142,058</u>	<u>1,049,193</u>	<u>146,630</u>	<u>199,711</u>	<u>192,803</u>	<u>239,181</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<u>175,598</u>	<u>208,650</u>	<u>-</u>	<u>-</u>	<u>(36,203)</u>	<u>-</u>
<b>TRANSFERS</b>						
Use of prepaid expenses	(183,374)	(183,374)	-	-	-	-
Acquisition of prepaid expenses	9,624	3,744	706	236	553	1,612
Amortization of tangible capital assets	(18,450)	(18,450)	-	-	-	-
Amortization of government assistance	3,706	3,706	-	-	-	-
	<u>(188,494)</u>	<u>(194,375)</u>	<u>706</u>	<u>236</u>	<u>553</u>	<u>1,612</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>						
	<u>\$ (12,896)</u>	<u>\$ 14,275</u>	<u>\$ 706</u>	<u>\$ 236</u>	<u>\$ (35,650)</u>	<u>\$ 1,612</u>

See accompanying notes.

**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

**Schedule II**

For the year ended March 31, 2017

	Biomass Energy	Regional Offices	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Retrofits (CGERP)	Community Renewable Energy Program (CREP)	Condominium Corporations Biomass (AETP)
<b>REVENUES</b>						
Contributions from GNWT	\$ 148,692	\$ 844,349	\$ 211,059	\$ 63,518	\$ 98,910	\$ 6,802
Contributions from Canada	-	-	-	-	-	-
Other Source Income	-	-	-	3,415	-	-
Membership Fees	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Administration Fees	-	-	-	-	-	-
	<u>148,692</u>	<u>844,349</u>	<u>211,059</u>	<u>66,932</u>	<u>98,910</u>	<u>6,802</u>
<b>EXPENDITURES</b>						
Administration Fees	-	-	-	-	-	-
Advertising & Promotion	-	4,249	-	-	-	-
Consulting Fees	(768)	26,147	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Facility Rental & Tradeshow Fees	-	5,270	-	-	-	-
Fees & Dues	723	5,294	-	-	-	-
Hospitality	-	5,485	-	-	-	-
Insurance	-	-	-	-	-	-
Interest & Bank Charges	-	-	-	-	-	-
Office & General	108	7,114	-	-	-	-
Professional Development	2,848	14,656	553	-	-	-
Professional Fees	-	-	-	-	-	-
Rebates	57,000	-	110,882	9,063	98,910	-
Rent & Utilities	-	63,378	-	-	-	-
Telephone, Internet & Website	615	15,335	-	-	-	-
Travel & Accommodation	7,867	131,288	2,048	10,594	-	-
Wages & Benefits	80,300	566,133	97,576	47,275	-	6,802
	<u>148,692</u>	<u>844,349</u>	<u>211,059</u>	<u>66,932</u>	<u>98,910</u>	<u>6,802</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	-	-	-	-	-	-
<b>TRANSERS</b>						
Use of prepaid expenses	-	-	-	-	-	-
Acquisition of prepaid expenses	1,618	920	236	-	-	-
Amortization of tangible capital assets	-	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-	-
	<u>1,618</u>	<u>920</u>	<u>236</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>						
	<u>\$ 1,618</u>	<u>\$ 920</u>	<u>\$ 236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.



**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

**Schedule II**

For the year ended March 31, 2017

	Community LED Swap Out	Community Government Solar Projects	Community Government Energy Retrofits (CGERP) - HVAC Re-commissioning communities	Commercial Energy Retrofits (CGERP) - HVAC Re-commissioning, Commercial	Community Wood Stove Purchase & Installation Partnership
<b>REVENUES</b>					
Contributions from GNWT	\$ 301,099	\$ 120,839	\$ 36,262	\$ 49,438	\$ 157,429
Contributions from Canada	-	-	-	-	-
Other Source Income	-	-	-	-	37,381
Membership Fees	-	-	-	-	-
Interest Income	-	-	-	-	-
Administration Fees	-	-	-	-	-
	<u>301,099</u>	<u>120,839</u>	<u>36,262</u>	<u>49,438</u>	<u>194,810</u>
<b>EXPENDITURES</b>					
Administration Fees	-	-	-	-	-
Advertising & Promotion	12,819	1,111	-	1,200	682
Consulting Fees	-	16,803	11,975	28,002	1,363
Equipment Rental	-	-	-	-	-
Facility Rental & Tradeshow Fees	-	-	-	-	-
Fees & Dues	-	-	-	-	-
Hospitality	581	158	-	-	-
Insurance	386	-	-	-	-
Interest & Bank Charges	-	-	-	-	-
Office & General	201,413	75,373	-	84	127,030
Professional Development	-	-	-	-	-
Professional Fees	-	-	-	-	-
Rebates	-	-	8,207	-	-
Rent & Utilities	-	-	-	-	-
Telephone, Internet & Website	-	-	-	-	-
Travel & Accommodation	15,605	1,407	1,051	1,918	17,821
Wages & Benefits	70,295	25,987	15,029	18,234	47,916
	<u>301,099</u>	<u>120,839</u>	<u>36,262</u>	<u>49,438</u>	<u>194,810</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	-	-	-	-	-
<b>TRANSERS</b>					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes.

**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES**

**Schedule II**

For the year ended March 31, 2017

	Energy Rating Services Support Program (ERS) - Home Energy Rating Follow- up Rebate	Energy Information and Awareness and CEP Profiles	REACHE LED & Energy Efficiency Retrofits	NRCAN Northern Smart Energy Communities Pilot	(note 16) Eliminations
<b>REVENUES</b>					
Contributions from GNWT	\$ 49,475	\$ 31,062	\$ 90,066	\$ -	\$ -
Contributions from Canada	-	-	-	80,382	-
Other Source Income	-	-	-	-	-
Membership Fees	-	-	-	-	-
Interest Income	-	-	-	-	-
Administration Fees	-	-	-	-	(12,485)
	<u>49,475</u>	<u>31,062</u>	<u>90,066</u>	<u>80,382</u>	<u>(12,485)</u>
<b>EXPENDITURES</b>					
Administration Fees	-	-	2,000	10,485	(12,485)
Advertising & Promotion	733	2,843	-	2,084	-
Consulting Fees	-	6,146	-	9,219	-
Equipment Rental	-	-	-	-	-
Facility Rental & Tradeshow Fees	-	-	-	885	-
Fees & Dues	-	-	-	-	-
Hospitality	-	-	-	3,935	-
Insurance	-	-	-	-	-
Interest & Bank Charges	-	-	-	-	-
Office & General	-	3,660	-	-	-
Professional Development	-	-	-	-	-
Professional Fees	-	-	-	-	-
Rebates	29,541	-	75,156	-	-
Rent & Utilities	-	-	-	-	-
Telephone, Internet & Website	-	-	-	-	-
Travel & Accommodation	3,454	128	-	13,854	-
Wages & Benefits	15,746	18,285	12,910	36,769	-
	<u>49,475</u>	<u>31,062</u>	<u>90,066</u>	<u>77,231</u>	<u>(12,485)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	-	-	-	3,151	-
<b>TRANSERS</b>					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>					
	\$ -	\$ -	\$ -	\$ 3,151	\$ -

See accompanying notes.

**Inuvialuit Water Board**

**Financial Statements**

**March 31, 2017**

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# Inuvialuit Water Board

## Financial Statements

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March 31, 2017

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## **Management's Responsibility for Financial Reporting**

**June 14, 2017**

**To the Directors of  
Inuvialuit Water Board**

The accompanying financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, with the information contained in the financial statements.

Inuvialuit Water Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Board acts in accordance with the laws of the Northwest Territories. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an organization of this type.

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



**Mardy Semmler  
Executive Director  
Inuvialuit Water Board**

## Independent Auditors' Report

### To the Directors of Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2017, and the statements of operations, change in net assets 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 Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' 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 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 to due 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 Inuvialuit Water Board as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.



**Chartered Professional Accountants**

**Yellowknife, Northwest Territories  
June 08, 2017**

## Inuvialuit Water Board

### Statement of Operations

For the year ended March 31,	Budget	2017	2016
<b>Revenue</b>			
Government of the Northwest Territories	\$ 913,000	\$ 913,000	\$ 913,000
Donation in kind	48,000	48,000	48,000
Other revenue	-	5,499	9,549
<b>Total revenues before contribution repayable</b>	-	<b>966,499</b>	<b>970,549</b>
Contribution repayable	-	(164,574)	(25,407)
<b>Total revenues</b>	<b>961,000</b>	<b>801,925</b>	<b>945,142</b>
<b>Expenses</b>			
Advertising	4,500	7,246	5,658
Amortization	3,000	10,286	7,623
Board Review and Evaluation	15,000	-	-
Board Travel and Training	44,000	13,366	16,371
Communications	27,700	24,134	37,447
Communication Strategy Implementation	20,000	33,825	-
Community Capacity Initiative	35,000	30,630	34,537
Community Tour	10,000	16,062	7,380
Conferences	8,000	2,983	4,770
Consulting	10,000	8,825	3,659
Equipment Maintenance	1,000	877	1,108
Equipment Rental	6,000	5,038	8,570
Honoraria	89,300	76,708	170,320
Hospitality	-	613	216
Interest and Bank Charges	1,000	561	566
Office Supplies	6,000	4,099	15,911
Policy Development	-	5,000	-
Postage	2,000	1,398	1,761
Professional Fees	69,000	54,262	58,182
Publications	2,000	-	359
Rent	48,000	48,000	48,000
Roles and Responsibilities Document	20,000	3,840	-
Salaries and Benefits	498,000	411,545	473,049
Staff Training	6,000	388	5,098
Staff Travel	26,500	12,104	17,071
Strategic Plan Updates	5,000	2,613	25,558
<b>Total expenses</b>	<b>957,000</b>	<b>774,403</b>	<b>943,214</b>
<b>Surplus (deficit) before other items</b>	<b>4,000</b>	<b>27,522</b>	<b>1,928</b>
<b>Operating surplus (deficit) of revenues over expenses</b>	<b>4,000</b>	<b>27,522</b>	<b>1,928</b>
<b>Transfer (to) from capital assets</b>	<b>(4,000)</b>	<b>(22,023)</b>	<b>-</b>
<b>Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 5,499</b>	<b>\$ 1,928</b>

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**Inuvialuit Water Board****Statement of Net Assets**

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<b>For the year ended March 31,</b>	<b>2017</b>			<b>2016</b>
	<b>Capital Asset Fund</b>	<b>Operating Fund</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 6,842</b>	<b>\$ 284,935</b>	<b>\$ 291,777</b>	<b>\$ 289,849</b>
<b>Operating surplus</b>	<b>-</b>	<b>27,522</b>	<b>27,522</b>	<b>1,928</b>
<b>Acquisition of tangible capital assets</b>	<b>32,309</b>	<b>(32,309)</b>	<b>-</b>	<b>-</b>
<b>Amortization</b>	<b>(10,286)</b>	<b>10,286</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 28,865</b>	<b>\$ 290,434</b>	<b>\$ 319,299</b>	<b>\$ 291,777</b>

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## Inuvialuit Water Board

### Statement of Change in Net Financial Resources

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<b>For the year ended March 31,</b>	<b>2017</b>	<b>2016</b>
Operating surplus (deficit)	\$ 27,522	\$ 1,928
Acquisition of tangible capital assets	(32,309)	-
Amortization of tangible capital assets	10,286	7,623
Decrease/ (increase) in prepaid expenses	-	1,225
<b>Net change in financial resources</b>	<b>5,499</b>	<b>10,776</b>
<b>Net financial resources at beginning of year</b>	<b>284,935</b>	<b>274,159</b>
<b>Net financial resources at end of year</b>	<b>\$ 290,434</b>	<b>\$ 284,935</b>

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# Inuvialuit Water Board

## Statement of Financial Position

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As at March 31, 2017 2016

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### Assets

Cash	\$ 561,747	\$ 455,650
Accounts receivable (Note 4)	6,905	7,372
	<b>568,652</b>	<b>463,022</b>

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### Liabilities

Accounts payable and accrued liabilities	113,644	152,680
Repayable contributions (Note 5)	164,574	25,407
	<b>278,218</b>	<b>178,087</b>

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Net financial resources **290,434** **284,935**

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### Non-Financial Assets

Tangible capital assets (Note 6)	28,865	6,842
	<b>28,865</b>	<b>6,842</b>

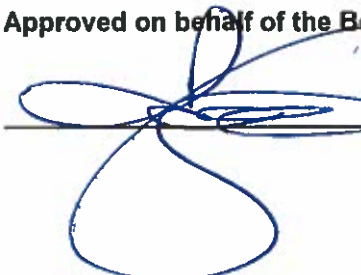
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Accumulated surplus **\$ 319,299** **\$ 291,777**

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### Commitments (Note 8)

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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## Inuvialuit Water Board

### Statement of Cash Flows

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For the year ended March 31,	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus (deficit)	\$ 27,522	\$ 1,928
Item not affecting cash		
Amortization	10,286	7,623
<b>Change in non-cash operating working capital</b>		
Accounts receivable	467	(638)
Prepaid expenses	-	1,225
Accounts payable and accrued liabilities	(39,036)	(15,312)
Repayable contributions	139,167	(14,388)
	<b>138,406</b>	<b>(19,562)</b>
<b>Capital activity</b>		
Investment in tangible capital assets	<b>(32,309)</b>	-
<b>Change in cash position</b>	<b>106,097</b>	<b>(19,562)</b>
<b>Cash position, beginning of year</b>	<b>455,650</b>	<b>475,212</b>
<b>Cash position, end of year</b>	<b>\$ 561,747</b>	<b>\$ 455,650</b>

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# Inuvialuit Water Board

## Notes to Financial Statements

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March 31, 2017

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### 1. Organization and Jurisdiction

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

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

### 2. Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

#### (a) Financial Instruments

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

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and contributions repayable. 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.

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# Inuvialuit Water Board

## Notes to Financial Statements

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March 31, 2017

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### 2. Accounting Policies (continued)

#### (b) Tangible Capital Assets

Tangible capital assets are recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 6.

#### (c) Fund Accounting

The Board uses fund accounting to segregate transactions between its Operating and Capital Asset Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to capital assets.

#### (d) Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Restricted contributions which are not used in the current year are set up as refundable contributions and must be repaid to the contributor.

Funding received for restricted purposes that has not been expended is required to be deferred.

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

Other revenue is recognized when services and goods are provided.

#### (e) Allocation of Expenses

The Board allocates expenditures according to their function, and are classified as core expenditures.

#### (f) Use of Estimates

The preparation of financial statements in conformity with 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.

#### (g) Government Transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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.

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# Inuvialuit Water Board

## Notes to Financial Statements

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March 31, 2017

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### 3. Future Accounting Standards

#### a) Related Party Disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

#### b) Inter-entity Transactions, Section PS 3420

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

#### c) Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

#### d) Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2017

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#### 3. Future Accounting Standards (Continued)

##### e) Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

##### f) Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

#### 4. Accounts Receivable

	2017	2016
Accounts Receivable	\$ 1,390	\$ 2,370
Goods and Services Tax	5,515	5,002
	<b>\$ 6,905</b>	<b>\$ 7,372</b>

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As at March 31, 2017 allowance for doubtful accounts is nil (2016 - nil).

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2017

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#### 5. Repayable Contributions

	2017	2016
Government of Northwest Territories	\$ 164,574	\$ 25,407

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#### 6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Furniture and equipment	20%	\$ 18,296	\$ 8,606	\$ 9,690	\$ 2,457
Computer equipment	30%	91,492	72,317	19,175	4,385
Computer software	100%	609	609	-	-
		\$ 110,397	\$ 81,532	\$ 28,865	\$ 6,842

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#### 7. Economic Dependence

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

#### 8. Lease Commitments

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

2017	\$ 4,746
2018	4,746
2019	3,559
	\$ 13,051

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2017

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#### 9. Risk Management

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

(i) Credit risk

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

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

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of \$568,652 (2016 - \$463,022)

(ii) Concentration of credit risk

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

Concentration risk is the risk that a significant proportion of the Board's cash is held with one financial institution, exposing the Board to the risk that this institution may not have the liquidity to honour withdrawals of the Board's funds. At March 31, 2017, 100% (2016 - 100%) of the Board's cash were held with in one of Canada's chartered banks. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board does have a liquidity risk in accounts payable and accrued liabilities \$278,218 (2016 - \$178,087 ). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Board's financial assets and financial liabilities at March 31, 2017 mature within the next six months. The Board has disclosed future financial liabilities and commitments in Note 8.

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

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## **Inuvialuit Water Board**

### **Notes to Financial Statements**

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**March 31, 2017**

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#### **10. Related Party Transactions**

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

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

#### **11. Budget Amounts**

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

**Northwest Territories Business Development and Investment Corporation**  
**Consolidated Financial Statements**

**For the year ended**  
**March 31, 2017**

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## Northwest Territories Business Development and Investment Corporation

### Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these consolidated financial statements.

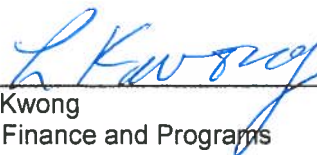
In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper records are maintained, and the Corporation complies with applicable laws and conflict of interest rules. These controls and practices help to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of financial information, and adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through the Audit Committee, which is comprised of directors 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 his report thereon.



Pawan Chugh  
Chief Executive Officer



Leonard Kwong  
Director, Finance and Programs

August 21, 2017



## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Business Development and Investment Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Business Development and Investment Corporation as at 31 March 2017, 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.



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

21 August 2017  
Edmonton, Canada

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**Northwest Territories Business Development and Investment Corporation**

**Consolidated Financial Statements (March 31, 2017)**

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Financial Position (000's)**

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	March 31, 2017	March 31, 2016
	\$	\$
<b>Financial Assets</b>		
Cash (Note 3)	19,385	15,608
Accounts receivable	78	120
Inventories held for resale (Note 4)	552	553
Loans receivable (Notes 5 and 6)	37,038	39,209
Venture investments (Note 7)	-	7
	<u>57,053</u>	<u>55,497</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 11)	1,116	1,387
Post-employment benefits (Note 9)	434	306
Advances from the Government (Note 10)	24,794	25,115
Asset retirement obligations	24	24
	<u>26,368</u>	<u>26,832</u>
<b>Net financial assets</b>	<u>30,685</u>	<u>28,665</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	275	281
Prepaid expenses	9	1
	<u>284</u>	<u>282</u>
<b>Accumulated surplus</b>	<u>30,969</u>	<u>28,947</u>

Commitments and contingencies (Notes 13 and 14)

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

**Approved by:**

  
Darrell Beaulieu  
Chairperson of the Board of Directors

  
Denise Yuhas  
Chairperson of the Audit Committee



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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Change in Net Financial Assets (000's)**

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<b>For the year ended March 31</b>	<b>Budget 2017</b>	<b>Actual 2017</b>	<b>Actual 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual surplus	2,086	2,022	3,872
Acquisition of tangible capital assets	-	(39)	(53)
Disposal of tangible capital assets	-	1	-
Amortization of tangible capital assets	33	44	32
	33	6	(21)
Acquisition of prepaid expenses	-	(9)	(1)
Use of prepaid expenses	-	1	13
	-	(8)	12
Increase in net financial assets	2,119	2,020	3,863
<b>Net financial assets, beginning of year</b>	<b>28,665</b>	<b>28,665</b>	<b>24,802</b>
<b>Net financial assets, end of year</b>	<b>30,784</b>	<b>30,685</b>	<b>28,665</b>

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

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Operations and Accumulated Surplus (000's)**

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<b>For the year ended March 31</b>	<b>Budget 2017</b>	<b>Actual 2017</b>	<b>Actual 2016</b>
	\$	\$	\$
<b>Revenues</b>			
Interest on loans receivable	2,100	2,394	3,153
Sales and other income	760	814	911
Interest on pooled cash (Note 3)	170	152	151
Dividends	1	1	2
	3,031	3,361	4,217
Government transfers (Note 11)	4,190	4,189	4,311
	7,221	7,550	8,528
<b>Expenses (Note 12)</b>			
Lending and investments	3,836	4,178	3,134
Retail and manufacturing	1,299	1,350	1,522
	5,135	5,528	4,656
<b>Annual surplus</b>	<b>2,086</b>	<b>2,022</b>	<b>3,872</b>
<b>Accumulated surplus, beginning of year</b>	<b>28,947</b>	<b>28,947</b>	<b>25,075</b>
<b>Accumulated surplus, end of year</b>	<b>31,033</b>	<b>30,969</b>	<b>28,947</b>

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

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Cash Flows (000's)**

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<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating transactions</b>		
Cash received from:		
Governments	3,056	3,626
Customers	883	979
Interest	2,578	2,286
Dividends	1	2
	<hr/> 6,518	<hr/> 6,893
Cash paid for:		
Compensation and benefits	2,268	2,535
Payments to suppliers	1,322	1,428
Interest on advances from the Government	179	142
Grants and contributions	217	271
	<hr/> 3,986	<hr/> 4,376
<b>Cash provided by operating transactions</b>	<b>2,532</b>	<b>2,517</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(39)	(53)
<b>Cash (used for) capital transactions</b>	<b>(39)</b>	<b>(53)</b>
<b>Investing transactions</b>		
Loans receivable disbursed	(4,081)	(5,962)
Loans receivable repaid	5,679	5,093
Release of the proceeds from security (Note 8)	-	(2,006)
Redemptions of venture investments	7	11
<b>Cash provided by (used for) investing transactions</b>	<b>1,605</b>	<b>(2,864)</b>
<b>Financing transactions</b>		
Repayment of advances from the Government	(321)	(1,158)
<b>Cash (used for) financing transactions</b>	<b>(321)</b>	<b>(1,158)</b>
<b>Increase (decrease) in cash</b>	<b>3,777</b>	<b>(1,558)</b>
Cash, beginning of year	15,608	17,166
<b>Cash, end of year</b>	<b>19,385</b>	<b>15,608</b>

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

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# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2017

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### 1. The Corporation

#### (a) Authority

The Northwest Territories Business Development and Investment Corporation (the Corporation) was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act* (the Act).

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

#### (b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government by encouraging the creation and development of business enterprises in the Northwest Territories and by providing information and financial assistance to, and making investments in, such enterprises.

#### (c) Government transfers and advances

In accordance with Section 30 of the Act, the Corporation must annually submit a corporate plan, operating budget and capital budget identifying the transfers requested from the Government for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government are for the purposes of financing the Corporation's general operations; making capital investments in, and providing working capital advances and operating subsidies to, business enterprises based on need; providing transfers for business development projects; and purchasing tangible capital assets for the Corporation. The transfers are repayable to the Government if not completely spent within the fiscal year in which they were provided.

The Corporation and its organizations are economically dependent upon the transfers received from the Government for their ongoing operations.

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

#### (d) Taxes

The Corporation and its organizations are exempt from the payment of municipal and territorial taxes pursuant to Section 35 of the Act and federal income tax pursuant to Section 149 of the *Income Tax Act* of Canada.

#### (e) Budget

The consolidated budget figures have been derived from the budgets approved by the FMB and the Corporation's board of directors. Other budgeted amounts have been approved by the Corporation's senior management.

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2017

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#### 2. Summary of significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (the PSAB).

##### (a) Measurement uncertainty

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

The more significant estimates relate to the determination of the allowance for credit losses, the provision for termination and removal benefits, and services received without charge. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

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

##### (b) Principles of consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity, which includes the Corporation and the organizations it controls. All inter-entity transactions and balances have been eliminated upon consolidation. These consolidated financial statements include the accounts of the following organizations:

Organization	Location	Percentage Ownership	Incorporation Date
<b>Light manufacturing</b>			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
<b>Fine arts and souvenirs</b>			
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
<b>Wholesale/retail stores</b>			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
<b>Muskox Harvesting</b>			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

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

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

**(d) Inventories**

Inventories held for resale consist of finished goods, work-in-process and raw material and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

**(e) Loans receivable**

Loans receivable are initially recognized at cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. When payment is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net recoverable value through an adjustment to the allowance for credit losses. Changes in the estimated net recoverable value arising subsequent to initial impairment are adjusted through the allowance for credit losses.

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

In accordance to the updated FAA that came into effect on April 1 2016, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the board of directors (\$500 or less) or the FMB (over \$500). Once an account has been forgiven, no further collection action is possible.

**(f) Allowance for credit losses**

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

**2. Summary of significant accounting policies (continued)****(f) Allowance for credit losses (continued)**

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

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

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

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

**(g) Venture investments**

Venture investments are recognized at cost less any write-downs to reflect impairment in value.

Gains and losses on disposal are recognized in income when realized. Where there has been a significant and other than temporary decline in value, the investment is written down to recognize the loss. Dividends from venture investments are included in revenue when received. When they are received they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

There is no active quoted market.

**(h) Asset retirement obligations**

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the Corporation's credit-adjusted risk-free rate. The fair value of the estimated obligation is recognized as a liability, with a corresponding increase in the carrying amount of the related asset.

The costs capitalized to the related assets are amortized to earnings in a manner consistent with the amortization of the underlying asset. The liability amount is increased in each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of a retirement obligation are charged against the obligation to the extent of the liability recognized.

**2. Summary of significant accounting policies (continued)****(i) Government transfers**

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

**(j) Employee future benefits**

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

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

**(k) Tangible capital assets**

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

Buildings	20 years
Vehicle and Equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.



**2. Summary of significant accounting policies (continued)****(l) Financial instruments**

The Corporation's financial instruments consists of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government. These financial instruments are measured at cost.

**(m) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change net financial assets during the year.

**(n) Segment disclosure**

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represents the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls. All revenues except for sales and other income are generated from lending and investment activities.

**(o) Future accounting changes**

In 2015, the PSAB issued new sections that apply to fiscal years beginning on or after April 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impacts of the following sections:

- (i) Section PS 2200, "Related party disclosures":** This section defines a related party and establishes disclosures required for related party transactions.
- (ii) Section PS 3210, "Assets":** This section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed.
- (iii) Section PS 3320, "Contingent assets":** Contingent assets was issued to define and establish disclosure standards on contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That certainty will ultimately be resolved when one or more future events not wholly within the Corporation's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- (iv) Section PS 3380, "Contractual rights":** Contractual rights was issued to define and establish disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements will result in both an asset and revenue in the future. Disclosure about contractual rights is required including a description about their nature, extent and timing.
- (v) Section PS3420, "Inter-entity transactions":** This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**3. Cash**

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for employee future benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 1.05% during the year (2016: 1.08%).

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).

	<b>000's</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash held by the Corporation for operations	6,837	6,797
Cash held by the Corporation's organizations	1,334	1,253
Cash held for post-employment benefits	434	306
	8,605	8,356
Venture Investment Fund	4,190	4,182
Capital Fund	873	873
Subsidy Fund	471	488
Venture Reserve Fund	486	486
Loans and Bonds Fund (Note 8)	4,613	1,076
Capital Reserve Fund	147	147
	10,780	7,252
	<b>19,385</b>	<b>15,608</b>

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2017

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#### 4. Inventories

	000's	
	2017	2016
	\$	\$
<b>Inventories held for resale:</b>		
Arts and crafts	293	309
Canvas products	259	244
	<b>552</b>	<b>553</b>

During the year, \$97,000 of inventories were written down (2016: \$79,000) and no inventories were pledged as security. Also during the year, the Corporation had \$24,000 recoveries on inventory that had been previously written down (2016: nil). Inventory write-downs and recoveries are included in the cost of goods sold.

#### 5. Loans receivable

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

The Corporation charges its clients prime plus 2%, 3%, or 4%, depending on the security provided, client's management ability, the client's investment, and the amortization period. The Corporation holds various types of security on its loans, including real property, aircraft, heavy equipment, and general security agreements.

Loans receivable are expected to mature as follows:

		000's			
		2017		2016	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing	1 year	5.62	4,141	5.10	11,932
loans due	1-2 years	5.08	2,896	5.78	4,034
within:	2-3 years	5.43	5,969	5.34	3,665
	3-4 years	5.46	6,420	5.44	6,943
	over 4 years	5.06	16,035	5.46	11,785
			35,461		38,359
Accrued loan interest receivable			169		166
Impaired loans			6,771		5,825
			42,401		44,350
Less: allowance for credit losses (Note 6)			5,363		5,141
			<b>37,038</b>		<b>39,209</b>

In 2017, five accounts totalling \$839,000 were written off by the board of directors (2016: \$327,000 by the FMB and \$31,000 by the board of directors). In 2017, no accounts were forgiven (2016: none)

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**5. Loans receivable (continued)**

In 2017, recoveries on loans previously written off totalled \$26,000 (2016: \$3,000).

**Concentration of credit risk**

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

**Enterprise concentration**

Enterprise	000's			
	2017		2016	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Construction	7,636	103	7,679	142
Retail trade	6,272	779	6,339	584
Accommodations, food and beverage	6,219	3,225	6,159	1,790
Transportation and storage	4,317	-	4,564	124
Real estate and rentals	4,291	-	4,535	-
Wholesale trade	1,961	-	2,212	-
Other services	1,600	86	1,507	169
Manufacturing	888	26	734	26
Management of companies	548	-	676	-
Communication	454	-	437	-
Business services	450	268	2,225	-
Finance and insurance	410	129	432	609
Arts and craft	380	-	392	-
Travel and tourism	22	1,571	32	1,667
Forestry and logging	13	-	22	-
Health care	-	-	414	-
Oil and gas	-	484	-	617
Educational services	-	60	-	59
Fisheries and wildlife	-	40	-	38
	<b>35,461</b>	<b>6,771</b>	<b>38,359</b>	<b>5,825</b>

The loans receivable balance contains one loan, totalling \$2,000, made to a venture investee (2016: \$20,000). This loan is in addition to the venture investments shown in Note 7.

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**Northwest Territories Business Development and Investment Corporation**
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**


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**5. Loans receivable (continued)**
**Geographic concentration**

Region	000's			
	2017		2016	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
South Slave	18,204	2,085	18,331	2,007
Dehcho	8,167	2	7,048	84
North Slave	5,677	3,920	7,394	3,141
Sahtu	1,920	68	1,981	165
Inuvik	1,493	696	3,605	428
	<b>35,461</b>	<b>6,771</b>	<b>38,359</b>	<b>5,825</b>

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

Credit risk rating	000's	
	2017	2016
	\$	\$
Low	21,875	22,666
Medium	12,904	15,090
High	682	603
	<b>35,461</b>	<b>38,359</b>

The Corporation considers a loan past due when a client has not made a payment in accordance with the payment terms. The following table presents the carrying value of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	000's	
	2017	2016
	\$	\$
31 – 60 days	27	-
61 – 90 days	14	-
Over 90 days	-	-
	<b>41</b>	<b>-</b>

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2017 (2016: nil).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**6. Allowance for credit losses**

	000's	
	2017	2016
	\$	\$
Balance, beginning of year	5,141	5,778
Provision for credit losses	746	126
Loans written off or forgiven	(346)	(167)
Recoveries from repayments	(178)	(596)
<b>Balance, end of year</b>	<b>5,363</b>	<b>5,141</b>
Comprised of:		
Specific allowance	4,654	4,374
General allowance	709	767
	<b>5,363</b>	<b>5,141</b>

**7. Venture investments**

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2017, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2017	2016
	\$	\$
Balance, beginning of year	7	18
Recoveries	-	-
Redemptions	(7)	(11)
<b>Balance, end of year</b>	<b>-</b>	<b>7</b>

The total cumulative venture investments at March 31, 2017 was \$654,000 (2016: \$661,000) with accumulated write-downs of \$654,000 (2016: \$654,000). In 2017, no venture investments were approved for write-off (2016: nil) or forgiveness (2016: nil).

**Preferred shares and dividends**

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**8. Cash security payable**

The Corporation released \$2,006,000 in 2016 from realization of a life insurance policy it received in 2015 as security associated with an irrevocable standby letter of credit to a borrower. As the borrower was not in default on the underlying facility, the Corporation released the funds from the Loans and Bonds Fund after receiving satisfactory replacement security.

**9. Employment and post-employment benefits****(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.5 times (2016: 1.8) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.3 times (2016: 1.2) the employee's contribution. Total contributions of \$214,000 (2016: \$246,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2017	2016
	\$	\$
Corporation's contributions	214	246
Employees' contributions	150	141

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan and they are indexed to the increase in the Consumer Price Index.

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

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

An actuarial valuation for accounting purposes was prepared as at March 31, 2017.

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**Northwest Territories Business Development and Investment Corporation**

**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**9. Employment and post-employment benefits (continued)**

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

	000's	
	2017	2016
	\$	\$
Post-employment benefits, beginning of year	306	448
Cost and transfer in	11	16
Actuarial loss (gain)	117	(158)
<b>Post-employment benefits, end of year</b>	<b>434</b>	<b>306</b>

**10. Advances from the Government**

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2016: \$45 million) as at March 31, 2017.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.51% to 0.99% (2016: 0.42% to 0.68%) during the year.

**11. Government transfers**

	000's					
	2017			2016		
	Lending/ Invest- ments	Retail/ Manufac- turing	Total	Lending/ Invest- ments	Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	2,568	645	3,213	2,717	640	3,357
Services received without charge (Note 16)	786	-	786	857	-	857
	3,354	645	3,999	3,574	640	4,214
Federal programs	190	-	190	97	-	97
	<b>3,544</b>	<b>645</b>	<b>4,189</b>	<b>3,671</b>	<b>640</b>	<b>4,311</b>

During the current fiscal year the Corporation had surplus funding of \$105,000 (2016: \$432,000). A stipulation included in the agreement is for any unspent funds to be repaid to the Government. This amount has been recognized in accounts payable and accrued liabilities at year end. The amount will be repaid through a reduction of next year's contribution.



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**Northwest Territories Business Development and Investment Corporation**
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**


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**12. Expenses by object**

	000's					
	Lending/ Invest- ments	2017 Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	2016 Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	25	10	35	56	11	67
Amortization	11	33	44	6	26	32
Asset retirement	-	1	1	10	-	10
Bad debts (recovery)	-	(14)	(14)	-	38	38
Bank charges and interest	2	27	29	2	28	30
Board members	25	1	26	52	1	53
Business Development Fund	221	-	221	271	-	271
Business Service Centre	239	-	239	241	-	241
Computers and communications	88	19	107	112	22	134
Cost of goods sold	-	806	806	-	836	836
Credit losses (recovery), net	568	-	568	(470)	-	(470)
Insurance	-	26	26	-	25	25
Interest expense on advances from the Government	179	-	179	142	-	142
Office and general	49	30	79	40	15	55
Professional services	197	76	273	48	87	135
Rent	200	16	216	209	16	225
Repairs and maintenance	-	20	20	-	13	13
Salaries and benefits	2,342	240	2,582	2,319	270	2,589
Training and workshops	10	-	10	30	-	30
Travel	22	4	26	66	21	87
Utilities	-	55	55	-	113	113
	<b>4,178</b>	<b>1,350</b>	<b>5,528</b>	<b>3,134</b>	<b>1,522</b>	<b>4,656</b>

**13. Commitments**

As at March 31, 2017, loans to businesses approved but not yet disbursed, totalled \$2.8 million at a weighted average interest rate of 4.2% (2016: \$2.7 million at a weighted average interest rate of 4.2%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2017, contributions to businesses approved but not yet disbursed totalled \$8,000 (2016: \$25,000).

**14. Contingencies**
**Loans**

The Corporation has four outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling \$538,000 (2016: four outstanding loans totalling \$1,041,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If as-

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**14. Contingencies (continued)**

signed, 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 2017, no accounts were assigned to the Corporation (2016: nil).

**Letters of credit**

The Corporation has four outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,155,000 (2016: \$2,375,000) and expire in 2018 (3) and 2019 (1). Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2016: nil).

**Legal claim**

The Corporation is named as co-defendant in one legal claim in the amount of \$88,065 plus interest and cost. The proceeding is related to alleged non-payment of work performed for a loan borrower of the Corporation. The merits of the proceeding cannot be determined.

**15. Related party transactions**

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. 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).

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

	<b>000's</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Sales	42	10
Government transfers (Note 11)	3,999	4,214
<b>Expenses</b>		
Purchases	208	186
Interest on advances from the Government	179	142
<b>Balances at year end</b>		
Accounts receivable	1	1
Accounts payable and accrued liabilities	137	530
Advances from the Government	24,794	25,115

## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2017

#### 16. Services received without charge

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

	000's	
	2017	2016
	\$	\$
Staff support	558	620
Accommodation	228	237
	<b>786</b>	<b>857</b>

#### 17. Budgeted figures

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

The 2017 and 2016 budgeted expenses are as follows:

	000's					
	2017			2016		
	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	22	9	31	30	7	37
Amortization	6	27	33	6	20	26
Bad debts	-	5	5	-	5	5
Bank charges and interest	-	26	26	-	26	26
Board members	45	1	46	50	1	51
Business Development Fund	200	-	200	300	-	300
Business Service Centre	194	-	194	250	-	250
Computers and communications	91	19	110	96	17	113
Cost of goods sold	-	745	745	-	719	719
Freight and courier	-	4	4	-	5	5
Insurance and licenses	-	25	25	-	25	25
Interest expense	180	-	180	340	-	340
Office and general	45	18	63	50	22	72
Professional services	90	80	170	90	81	171
Provision for credit losses, net	100	-	100	200	-	200
Rent	237	16	253	213	16	229
Repairs and maintenance	-	11	11	-	11	11
Salaries and benefits	2,536	238	2,774	2,560	224	2,784
Supplies	-	-	-	-	1	1
Travel and vehicles	90	20	110	120	33	153
Utilities	-	55	55	-	58	58
	<b>3,836</b>	<b>1,299</b>	<b>5,135</b>	<b>4,305</b>	<b>1,271</b>	<b>5,576</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**18. Risk management**

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

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations.

The risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

Credit granting and loan management are based on established credit policies. The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and investments. The Corporation's management of credit exposures from borrowers and investees includes:

- a standardized credit risk rating classification system established for all loans;
- credit policies and directives, communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;
- independent review of loan applications in excess of \$1 million; and,
- limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$2 million. Amounts greater than \$2 million must be approved by the FMB.

The principal collateral held as security and other credit enhancements for loans include: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2017, \$559,000 (2016: \$142,000) of the impaired loans are secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2017:

	000's	
	2017	2016
	\$	\$
Cash	19,385	15,608
Accounts receivable	78	120
Loans receivable	37,038	39,209
Venture investments	-	7
Letters of credit	2,155	2,375

**Interest rate risk**

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

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2017

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#### 18. Risk management (continued)

The Corporation's borrowing from the Government is based on a variable market rate and it lends to the majority of its clients at fixed term rates. The Corporation's interest rate margin or spread widens when interest rates fall and it narrows when interest rates rise.

The Corporation manages its interest rate risk by paying down the advances from the Government with excess cash available from the Loans and Bonds fund.

Based on the Corporation's advances from the Government as at March 31, 2017 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by \$90,000 (2016: \$93,000). A 100 basis point decrease in interest rates would increase annual surplus by \$18,000 (2016: \$3,000).

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows.

The advances from the Government are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes.

**Northwest Territories Business Development and Investment Corporation**

**Consolidated Schedule of Tangible Capital Assets**

**Schedule A  
000's**

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2017	March 31, 2016
Cost of tangible capital assets, opening	\$ 80	\$ 1,950	\$ 665	\$ 449	\$ 20	\$ 3,164	\$ 3,163
Acquisitions	-	-	31	8	-	39	53
Disposals	-	-	(1)	-	-	(1)	(52)
Cost of tangible capital assets, closing	80	1,950	695	457	20	3,202	3,164
Accumulated amortization, opening	-	1,794	620	449	20	2,883	2,903
Amortization expense	-	15	27	2	-	44	32
Disposals	-	-	-	-	-	-	(52)
Accumulated amortization, closing	-	1,809	647	451	20	2,927	2,883
<b>Net book value</b>	<b>80</b>	<b>141</b>	<b>48</b>	<b>6</b>	<b>-</b>	<b>275</b>	<b>281</b>



**NORTHWEST TERRITORIES HERITAGE FUND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2017**

**(unaudited)**



## **Northwest Territories Heritage Fund**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

These accompanying financial statements of the Northwest Territories Heritage Fund ("the Fund") have been prepared by management in accordance with Canadian public sector accounting standards. 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 Financial Management Board. 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.

On behalf of the Northwest Territories Heritage Fund



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Sandy Kalgutkar, CPA, CGA  
Deputy Secretary of the Financial Management Board  
Government of the Northwest Territories

Yellowknife, Northwest Territories  
June 16, 2017

**Northwest Territories Heritage Fund**

**Statement of Financial Position (unaudited)**

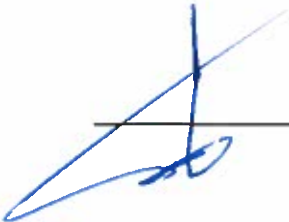
**as at March 31, 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets:</b>		
Cash (Note 3)	10,604,340	5,520,492
Accounts Receivable	9,457	4,923
	<b>10,613,797</b>	<b>5,525,415</b>
<b>Liabilities</b>	-	-
<b>Net financial assets</b>	<b>10,613,797</b>	<b>5,525,415</b>
<b>Accumulated surplus</b>	<b>10,613,797</b>	<b>5,525,415</b>

Approved:



Robert C. McLeod  
Chairman of the Financial Management Board



Sandy Kalgutkar  
Deputy Secretary of the Financial Management Board

**Northwest Territories Heritage Fund**

**Statement of Change in Net Financial Assets (unaudited)**

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**for the year ended March 31, 2017**

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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Net financial assets, beginning of year	5,525,415	765,622
Items affecting net financial assets:		
Annual surplus	5,088,382	4,759,793
<b>Net financial assets, end of year</b>	<b>10,613,797</b>	<b>5,525,415</b>

## Northwest Territories Heritage Fund

### Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Revenues:			
Interest	87,139	88,002	37,583
Contribution from GNWT	7,600,000	5,000,380	4,722,210
	7,687,139	5,088,382	4,759,793
Expenses	-	-	-
<b>Annual surplus</b>	<b>7,687,139</b>	<b>5,088,382</b>	<b>4,759,793</b>
Accumulated surplus, beginning of year	5,525,415	5,525,415	765,622
<b>Accumulated surplus, end of year</b>	<b>13,212,554</b>	<b>10,613,797</b>	<b>5,525,415</b>

**Northwest Territories Heritage Fund**

**Statement of Cash Flow (unaudited)**

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**for the year ended March 31, 2017**

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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual surplus for the year	5,088,382	4,759,793
Changes in non-cash assets and liabilities:		
Increase in accounts receivable	(4,534)	(4,144)
<b>Increase in cash</b>	<b>5,083,848</b>	<b>4,755,649</b>
<b>Cash, beginning of year</b>	<b>5,520,492</b>	<b>764,843</b>
<b>Cash, end of year</b>	<b>10,604,340</b>	<b>5,520,492</b>

## Northwest Territories Heritage Fund

### Notes to Financial Statements (unaudited)

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March 31, 2017

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#### 1. AUTHORITY AND OPERATIONS

The Northwest Territories Heritage Fund ("the Fund") was established by the Government of the Northwest Territories (the Government) under the *Northwest Territories Heritage Fund Act* to set aside a portion of resource revenues to provide financial resources for the Government to fund long-term investments that would allow Northwest Territories residents to receive benefits from the development of the territory's non-renewable resources. Oversight of the Fund's operations is provided by the Financial Management Board. Administration of the Fund is the responsibility of the Secretary of the Financial Management Board, appointed by the Minister of Finance under subsection 3(5) of the *Financial Administration Act*. The Fund's single objective is to maximize the long-term growth in the Northwest Territories Heritage Fund while avoiding undue risk. The investment management will be guided by the Government's approved investment principles. The Fund is not subjected to taxation under the *Income Tax Act* of Canada.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of accounting

These 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) Interest income

Interest income is recognized when earned.

#### 3. Cash and cash equivalents

The Fund's cash balances are held in a trust account. The Fund's yield for the year ended March 31, 2017 was 1.05% (2016 - 1.13%). Investments made by the Fund are subject to the Investment Regulations of the *Financial Administration Act*.

#### 4. Financial Instruments

Financial instruments consist of cash and cash equivalents and accrued interest receivable. 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 approximates their carrying values, unless otherwise noted.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

**FOR THE YEAR ENDED MARCH 31, 2017**





## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2017, 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 a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2017, 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.



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

October 11, 2017  
Edmonton, Canada

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated 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 consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian general accepted auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial management of Northwest Territories Housing Corporation and meets when required.

On behalf of Northwest Territories Housing Corporation



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Tom R. Williams  
President & CEO



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

Yellowknife, Northwest Territories  
October 11, 2017

# NORTHWEST TERRITORIES HOUSING CORPORATION


## Consolidated Statement of Financial Position

As at March 31,  
(in thousands)

	2017	2016
<b>Financial assets</b>		
Cash (Note 3)	\$ 16,886	\$ 21,819
Portfolio investments (Note 4)	56,444	50,830
Accounts receivable (Note 5)	13,503	5,892
Mortgages and loans receivable (Note 6)	4,172	4,439
	91,005	82,980
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	16,322	23,785
Deferred revenue	256	150
Loans payable to Canada Mortgage and Housing Corporation (Note 8)	9,063	9,911
Obligations under capital leases (Note 9)	-	53
Environmental liabilities (Note 10)	615	683
Retirement, post-employment and other leave benefits (Note 11)	4,335	4,308
	30,591	38,890
<b>Net financial assets</b>	60,414	44,090
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	279,292	269,064
Inventories held for use	3,009	2,843
Prepaid expenses	43	34
	282,344	271,941
<b>Accumulated surplus</b>	\$ 342,758	\$ 316,031

Contractual obligations and contingencies (Notes 16 and 17)

Approved by:

  
 Caroline Cochrane  
 Minister Responsible for the  
 Northwest Territories Housing Corporation

  
 Tom R. Williams  
 President & CEO

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

**NORTHWEST TERRITORIES HOUSING CORPORATION**

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

	<u>2017</u> <b>Budget</b>	<u>2017</u> <b>Actual</b>	<u>2016</u> <b>Actual</b>
<b>Net financial assets, beginning of the year</b>	\$ 44,090	\$ 44,090	\$ 51,501
<b>Items affecting net financial assets:</b>			
Annual surplus	22,967	26,727	17,927
Acquisition of tangible capital assets	(37,527)	(24,003)	(40,103)
Amortization of tangible capital assets	14,560	13,275	12,840
Disposal of tangible capital assets	-	500	1,144
Loss from disposal and write-downs of tangible capital assets	-	-	561
Acquisition of inventories held for use	-	(1,692)	(1,475)
Consumption of inventories held for use	-	1,526	1,625
Acquisition of prepaid expenses	-	(36)	(34)
Consumption of prepaid expenses	-	27	104
<b>Increase (decrease) in net financial assets</b>	<u>-</u>	<u>16,324</u>	<u>(7,411)</u>
<b>Net financial assets, end of year</b>	<u>\$ 44,090</u>	<u>\$ 60,414</u>	<u>\$ 44,090</u>

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

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the year ended March 31,**  
**(in thousands)**

	<u>2017</u> Budget	<u>2017</u> Actual	<u>2016</u> Actual
<b>Revenues</b>			
<b>Government funding:</b>			
Government of the Northwest Territories	\$ 81,702	\$ 81,611	\$ 85,770
Canada Mortgage and Housing Corporation (CHMC) (Note 12)	33,720	28,673	17,345
	<u>115,422</u>	<u>110,284</u>	<u>103,115</u>
<b>Generated revenues:</b>			
Rental revenue	9,009	9,125	9,596
Recoveries from mortgages and loans (Note 6)	445	940	1,174
Income from portfolio investments	561	1,188	1,291
Gain on disposal of tangible capital assets	1,400	314	53
Other revenue and recoveries	-	506	375
Interest revenue on mortgages and loans	120	136	115
	<u>11,535</u>	<u>12,209</u>	<u>12,604</u>
	<u>126,957</u>	<u>122,493</u>	<u>115,719</u>
<b>Expenses (Note 18)</b>			
Public housing program (Note 13)	63,603	62,788	64,013
Unilateral CMHC programs and other programs	3,270	2,738	2,609
HELP and market housing (Note 14)	6,936	6,606	6,792
Non-residential building operations	565	603	891
Rent subsidy program	900	254	328
Homelessness fund program	1,771	1,612	339
Homeownership assistance grants	6,517	2,519	2,908
Rental housing rural and remote	783	-	-
Corporate and district operations (Note 15)	19,645	18,646	19,912
	<u>103,990</u>	<u>95,766</u>	<u>97,792</u>
<b>Annual surplus</b>	<u>\$ 22,967</u>	<u>\$ 26,727</u>	<u>\$ 17,927</u>
<b>Accumulated surplus, beginning of year</b>	<u>316,031</u>	<u>316,031</u>	<u>298,104</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 338,998</u>	<u>\$ 342,758</u>	<u>\$ 316,031</u>

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

## NORTHWEST TERRITORIES HOUSING CORPORATION

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

	2017	2016
<b>Operating transactions</b>		
Annual Surplus	\$ 26,727	\$ 17,927
<b>Items not affecting cash</b>		
Amortization	13,275	12,840
Write-downs of tangible capital assets	-	561
Loss (gain) on disposal of tangible capital assets	(314)	(53)
Loss (gain) on disposal of portfolio investments	267	(517)
Non-cash portfolio income	171	169
Change in valuation allowances for doubtful accounts	(457)	(599)
Change in valuation allowances for mortgage & loan receivables	(544)	(1,125)
	12,398	11,276
<b>Change in non-cash working capital items</b>		
Accounts receivable	(7,154)	577
Inventories held for use	(166)	149
Prepaid expenses	(9)	70
Accounts payable and accrued liabilities	(1,916)	2,902
Deferred revenue	108	54
Environmental liabilities	(68)	382
Retirement, post-employment, and other leave benefits	27	(893)
	(9,178)	3,241
<b>Cash provided by operating transactions</b>	29,947	32,444
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(29,550)	(39,766)
Proceeds on disposal of tangible capital assets	811	1,198
<b>Cash used for capital transactions</b>	(28,739)	(38,568)
<b>Financing transactions</b>		
Repayment of obligations under capital leases	(53)	(229)
Repayment of loans payable to CMHC	(848)	(807)
<b>Cash used for financing transactions</b>	(901)	(1,036)
<b>Investing transactions</b>		
Proceeds from sale of portfolio investments	47,601	76,751
Purchases of portfolio investments	(53,653)	(62,068)
Mortgage and loan payments received	812	919
<b>Cash provided by (used for) investing transactions</b>	(5,240)	15,602
<b>Increase (decrease) in cash</b>	(4,933)	8,442
<b>Cash, beginning of year</b>	21,819	13,377
<b>Cash, end of year</b>	\$ 16,886	\$ 21,819

Total interest paid during the year was \$592 (2016 - \$648).

Total interest received during the year was \$1,416 (2016 - \$1,047).

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 1. PURPOSE OF THE ORGANIZATION

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

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-four community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

#### Measurement uncertainty

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Reporting entity

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

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kö Gha K'òodèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort Liard Housing Authority	Radilih Koe' Housing Association
Fort McPherson Housing Association	Sachs Harbour Housing Association
Fort Providence Housing Association	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik 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 and thus should be excluded from the reporting entity of any other government or government organization.

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

#### Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories (Government).

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operations and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties.

Government revenues, including funding provided by the Government and CMHC, are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. stipulations that give rise to a liability have been satisfied; and,
- iv. a reasonable estimate of the amount can be made.

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

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

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2017**

(in thousands)

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Programs**

##### **a) Contributions for public and affordable housing (HELP and market housing programs)**

The Corporation provides contributions to the LHOs for their administration of the public housing and affordable housing programs and maintenance of the housing units. These administration and maintenance contributions are determined using a funding formula based on the number of units managed by the LHO.

##### **b) Contributions for unilateral CMHC programs and other programs**

The Corporation provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

##### **c) Homeownership assistance grants**

The Corporation, under section 44(1) of its Act, may make a home ownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 6).

The Corporation is not currently providing any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

#### **Cash and cash equivalents**

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

#### **Portfolio investments**

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

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **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 costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

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

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

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

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

#### **Loan guarantees**

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible capital assets

##### a) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are also recorded at cost and included in construction in progress.

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

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. Construction in progress is not amortized.

##### b) Property and equipment

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

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### **Inventories held for use**

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

### **Employee future benefits**

#### **a) Pension benefits**

All eligible employees of the Corporation are covered in the Public Service Pension Plan (the "Plan") a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. The Corporation's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

#### **b) Retirement, post-employment, and other leave benefits**

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

Employees earn other benefits including maternity and parental leave and non-vesting accumulating sick leave benefits. Accumulating non-vesting and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

An actuarial valuation of the cost of these benefits has been prepared under the projected credit unit methodology using data provided by management and assumptions based on management's best estimate.

#### **c) Northern Employee Benefits Service (NEBS) Pension Plan**

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"). This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Behchokö Kō Gha K'áodèe  
Deline Housing Association  
Fort McPherson Housing Association  
Fort Resolution Housing Authority  
Fort Simpson Housing Authority

Fort Smith Housing Authority  
Inuvik Housing Authority  
Lutsel K'e Housing Authority  
Radlilh Koe' Housing Association  
Yellowknife Housing Authority

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2017**

**(in thousands)**

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Environmental Liabilities**

Contaminated sites are a result of contamination that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation:
  - is directly responsible; or
  - accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized net of any expected recoveries.

#### **Services Provided Without Charge**

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. These services cannot be reasonably estimated and the Corporation does not recognize any amounts related to these services.

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 3. CASH

Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,528 (2016 - \$2,493) which are also included in accounts payable and accrued liabilities (Note 7). Also included in cash is reserve funds of \$1,313 (2016 - \$854) of which \$225 is designated by management to replace the Mary Murphy's senior home. In addition an agreement was reached with CMHC to allow the Corporation to maintain the mortgage and pay it out in full at the next renewal date in the amount of \$1,088 to settle mortgage principal where the underlying asset has been disposed. It is anticipated that these funds will be expended in December 2018.

#### 4. PORTFOLIO INVESTMENTS

Issuer	2017			2016
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Bankers acceptances, fixed rate	1.64% to 5.63%	33 to 273 days	\$ 37,936	\$ 39,234
Bankers acceptances, fixed rate	1.77% to 2.65%	5 to 8 years	9,434	9,434
Provincial governments, fixed rate	1.56% to 3.00%	33 days to 3 years	7,784	-
Ontario Hydro Strip Bonds, fixed rate	1.54%	3 years	-	907
Ontario Hydro Zero Coupon Bonds, fixed rate	2.04%	5 years	1,290	1,255
			<u>\$ 56,444</u>	<u>\$ 50,830</u>

The weighted average effective yield of this portfolio in 2017 was 2.54% (2016 – 2.20%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of greater than 90 days.

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 5. ACCOUNTS RECEIVABLE

	2017	2016
Trade accounts receivable	\$ 2,693	\$ 2,902
Tenant rents receivable	12,993	13,819
	15,686	16,721
Less allowance for doubtful accounts	(12,569)	(13,026)
	3,117	3,695
Receivables from CMHC	10,270	2,110
Receivables from related parties		
Government of the Northwest Territories	116	87
	116	87
Net Accounts Receivable	\$ 13,503	\$ 5,892

#### 6. MORTGAGES AND LOANS RECEIVABLE

##### Mortgages and loans receivable

	2017	2016
Corporate loans, repayable in monthly installments at interest rate of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 499	\$ 544
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	553	320
Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,782	3,919
Restructured mortgages, repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	980	1,690
Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years	8,808	8,268
Mortgages and loans receivable	14,622	14,741
Less allowance for impaired mortgages and loans	(10,450)	(10,302)
	\$ 4,172	\$ 4,439



## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 6. MORTGAGES AND LOANS RECEIVABLE (continued)

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$1,484 (2016 - \$1,224). There were no write-offs in the current year (2016 - none).

The allowance for impaired refinanced mortgages and loans that were restructured is \$6,473 (2016 - \$6,219) and the allowance for impaired subsidized mortgages and loans advanced based on Income Assessment is \$3,977 (2016 - \$ 4,083).

#### Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$2,519 (2016 – \$2,908), which are expensed on the consolidated statement of operations and accumulated surplus.

#### Net recoveries on mortgages, loans receivable, and conditional grants

	2017	2016
Recoveries on impaired mortgages and loans	\$ 352	\$ 386
Adjustment to allowance for impaired mortgages and loans	93	405
Recoveries from conditional grants	495	383
	\$ 940	\$ 1,174

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	\$ 7,396	\$ 13,973
Contractor holdbacks	2,913	3,015
Tender and security deposits	393	438
Wages and employee benefits	985	851
Accrued interest	120	133
Damage deposits	2,135	2,055
Loan guarantee obligation	-	97
Payables to related parties:		
Government of the Northwest Territories	2,380	3,223
	\$ 16,322	\$ 23,785

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2017			2016
	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 2018 to 2038, at interest rates from 5.94% to 19.00% (2016 - 5.94% to 19.00%).	\$ 23,308	\$ (23,308)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2016 - 6.97%). These loans are guaranteed by the Government.	14,403	(8,002)	6,401	7,004
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2016 - 2.78% and 3.68%).	2,662	-	2,662	2,907
	\$ 40,373	\$ (31,310)	\$ 9,063	\$ 9,911

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as National Housing Act (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,570 in 2017 (2016 – \$3,687), and would have made additional principal long-term debt repayments to CMHC of \$1,453 in 2017 (2016 – \$1,349).

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

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 807	\$ 533	\$ 1,340
2019	1,801	476	2,277
2020	597	407	1,004
2021	585	370	955
2022	620	335	955
2023 - 2027	3,411	1,064	4,475
2028 - 2038	1,242	209	1,451
	<u>\$ 9,063</u>	<u>\$ 3,394</u>	<u>\$ 12,457</u>

#### 9. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to no annual payments (2016 - one) for lease agreement for market housing units.

The value of the leased housing unit which is included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2017 are \$nil and \$nil, respectively (2016 - \$662 and \$589, respectively).

#### 10. ENVIRONMENTAL LIABILITIES

The Corporation has identified eight fuel spills sites and no other contaminated site (2016 - seven fuel spill sites and one other contaminated site) for which an environmental liability has been recorded. The liability is calculated as costs remaining to remediate the spills to the required environmental standard. The spills are expected to be remediated within the twelve months subsequent to year end. The estimated amount of recoveries is nil (2016 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

#### Pension benefits

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. 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 after January 1, 2013, the Corporation's contribution rate effective at year end was 1.00 times (2016 – 1.11) the employee's contribution; and for employment start dates before December 31, 2012, the Corporation's contribution rate effective at year end was 1.01 times (2016 – 1.15) the employee's contribution. The Corporation's and employee's contributions for the year were \$1,094 and \$1,089 respectively (2016 - \$1,031 and \$1,346 respectively). Total contributions of \$1,094 (2016 - \$1,031) were recognized as an expense in the current year.

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 existing members, the normal retirement age remains age 60.

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 indexed to inflation.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pension.

#### Retirement, post-employment, and other leave benefits

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

Severance benefits are paid to the Corporation's employees based on the type of termination (e.g. resignation versus retirement) and 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.

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

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

#### Valuation results

The liabilities are actuarially determined as the present value of accrued benefits at March 31, 2017.

Liability for leave, severance, and removal benefits is as follows:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 4,308	\$ 5,201
Costs for the year	815	1,004
Benefits paid during the year	<u>(788)</u>	<u>(1,897)</u>
Accrued benefit obligation, end of year	<u>\$ 4,335</u>	<u>\$ 4,308</u>

The discount rate used to determine the accrued benefit obligation is an average of 3.30%. No inflation rate was applied.

#### Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2016 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$375 and \$375 respectively (2016 - \$481 and \$481 respectively).

The plan serves 1,700 Employee Members and 115 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2016 the plan had a surplus \$25,122 (December 31, 2015 - \$24,873).

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

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

	2017	2016
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 9,894	\$ 10,100
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,919
Repairs, maintenance and other costs	1,364	1,456
Agreement for Investment in Affordable Housing	13,467	1,840
Agreement for Energy Construction Monitoring	30	30
	\$ 28,673	\$ 17,345

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11 million three year agreement amalgamated two existing agreements between the Corporation and CMHC; Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement can be utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18.4 million. The annual funding is cost shared with CMHC and the Corporation each contributing \$1.84 million per year for this program. Both parties to the Agreement will provide a total of \$14.7 million over the eight year period from 2011/2012 to 2018/2019.

On September 29, 2016 the Corporation signed the Amended Social Infrastructure Fund Agreement under the Investment in Affordable Housing with the CMHC. Under this Agreement, \$20.4 million in funding has been allocated to the Corporation from 2016 to 2018 of which the Corporation will be required to cost share \$3.9 million. The Amended Agreement had \$15.0 million removed from the original \$35.0 million Federal allocation under the Social Infrastructure Fund Agreement signed on June 8, 2016. The total funding earned under this agreement during the year is \$11.6 million (2016 - nil).

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 13. PUBLIC HOUSING PROGRAM

	2017	2016
Utilities, taxes, land and rental housing leases	\$ 31,826	\$ 29,351
Repairs, maintenance and other costs	7,737	10,577
Compensation and benefits	11,168	11,577
Administration	935	903
Contribution for public housing	955	922
Interest on long-term debt	579	628
Amortization	9,588	9,494
Write-down of tangible capital assets	-	561
	\$ 62,788	\$ 64,013

#### 14. HELP AND MARKET HOUSING

	2017	2016
Utilities, taxes, land and rental housing leases	\$ 1,217	\$ 1,002
Repairs, maintenance, and other costs	625	885
Compensation and benefits	1,150	1,822
Contribution for affordable housing	228	340
Amortization	3,386	2,743
	\$ 6,606	\$ 6,792

#### 15. CORPORATE AND DISTRICT OPERATIONS

	2017	2016
Compensation and benefits	\$ 13,543	\$ 15,020
Building and equipment rentals	2,308	2,340
Professional and special services	356	451
Training and workshops, travel and other support	1,282	1,078
Computer services	498	441
Materials and supplies	318	235
Communications	200	222
Amortization	141	125
	\$ 18,646	\$ 19,912

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 16. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2018 contractual obligations are construction commitments of \$13,133 (2016 - \$13,158).

	<u>Total</u>
2018	\$ 17,458
2019	3,414
2020	2,861
2021	1,722
2022	1,404
After	<u>2,624</u>
Total	<u>\$ 29,483</u>

### 17. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2017 a total of 17 (2016 - 22) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$870 (2016 - \$3,260). In 2017 one loan of these loans was guaranteed with a total outstanding balance of \$64 and in 2016 four of these loans were guaranteed with a total outstanding balance of \$2,239; all of these loans are secured by registered charges against real property.

The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2017 was \$16,534 (2016 - \$18,666).

The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2017 is \$nil (2016 - \$97).



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 18. EXPENSES BY OBJECT

	<u>2017</u>	<u>2016</u>
Amortization	\$ 13,275	\$ 12,841
Compensation and benefits	27,937	28,852
Computer hardware and software	168	138
Contract services	7,542	7,884
Controllable assets	30	45
Fees and payments	421	569
Grants and contributions	5,357	4,395
Housing debt repayment	571	622
Housing operations and maintenance	37,144	37,843
Materials and supplies	2,097	2,327
Other expenses	215	306
Purchased services	620	717
Travel	724	707
Valuation allowances	(335)	(15)
Write-downs of tangible capital assets	-	561
	<u>\$ 95,766</u>	<u>\$ 97,792</u>

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 19. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, loans payable to CMHC, and obligations under capital lease and are measured at amortized cost. The Corporation 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 financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

Financial Liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 16,322	\$ -	\$ -	\$ -	\$ 16,322
Loans payable to CMHC	807	-	3,603	4,653	9,063
<b>Total liabilities</b>	<b>\$ 17,129</b>	<b>\$ -</b>	<b>\$ 3,603</b>	<b>\$ 4,653</b>	<b>\$ 25,385</b>

##### b) Credit Risk

The Corporation is exposed to credit risk on its cash, portfolio investments, accounts receivable and mortgages and loans receivable.

##### Cash and portfolio investments

Credit risk on cash and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$73,330 (2016 - \$72,649).

##### Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$13,503 (2016 - \$5,892).

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 19. FINANCIAL RISK MANAGEMENT

##### b) Credit Risk (continued)

###### Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$4,172 (2016 - \$4,439).

As at March 31, 2017, \$1,948 (2016 - \$2,554) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The value of security is not readily determinable.

As at March 31, 2017, the following financial assets were past due but not impaired:

Financial assets	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120+ days</u>
Tenants rent receivable	\$ 4	\$ 3	\$ 4	\$ 7
Trade accounts receivable	202	-	-	275
Mortgages and loans receivable	331	147	102	246

##### c) Interest rate risk

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

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

Term						Carrying value	
	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2017	2016
Portfolio investments	\$ 44,792	\$ -	\$ 928	\$ 10,724	\$ -	\$ 56,444	\$ 50,830

The Corporation does not face cash flow interest rate risk on its loans payable to the Canada Mortgage and Housing Corporation because these interest rates are fixed for the full term of the loans. Because the Corporation accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations with respect to these loans payable.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	\$ 56,444	\$ 56,054	\$ 50,830	\$ 50,193
Loans payable to CMHC	6,401	7,779	7,004	8,716
Mortgages payable to CMHC	2,662	2,695	2,907	2,942
Obligations under capital leases	-	-	53	53

The fair value of the portfolio investments are the market values as at March 31.

The fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt and the province of Newfoundland & Labrador would be considered to have a similar risk profile.

The fair value of the mortgages receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

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

### 21. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

### 22. COMPARATIVE FIGURES

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

### 23. BUDGETED FIGURES

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

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Schedule A

**Consolidated Schedule of Tangible Capital Assets**

March 31, 2017

(all figures in thousands)

	Cost		Accumulated amortization				Net Book Value				
	Opening balance	Acquisitions	Write-downs & Transfers*	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2017	2016
<b>Land and Buildings:</b>											
Land	\$ 7,562	\$ -	\$ 747	\$ (46)	\$ 8,263	\$ -	\$ -	\$ -	\$ -	\$ 8,263	\$ 7,562
Public housing	316,689	-	8,880	(1,107)	324,462	145,766	9,026	(949)	153,843	170,619	170,923
HELP and market housing	72,537	-	17,347	(354)	89,530	21,476	3,386	(58)	24,804	64,726	51,061
Non-residential properties	6,408	-	-	-	6,408	3,218	160	-	3,378	3,030	3,190
Construction in progress	27,650	24,003	(27,047)	-	24,606	-	-	-	-	24,606	27,650
<b>Sub-total</b>	<b>430,846</b>	<b>24,003</b>	<b>(73)</b>	<b>(1,507)</b>	<b>453,269</b>	<b>170,460</b>	<b>12,572</b>	<b>(1,007)</b>	<b>182,025</b>	<b>271,244</b>	<b>260,386</b>
<b>Property and equipment:</b>											
Warehouses and offices	12,660	-	-	-	12,660	5,548	356	-	5,904	6,756	7,112
Mobile equipment	2,538	-	73	-	2,611	1,547	213	-	1,760	851	991
Leasehold improvements	771	-	-	-	771	732	5	-	737	34	39
Office furniture and equipment	5,597	-	-	-	5,597	5,142	118	-	5,260	337	455
Software	114	-	-	-	114	33	11	-	44	70	81
<b>Sub-total</b>	<b>21,680</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>21,753</b>	<b>13,002</b>	<b>703</b>	<b>-</b>	<b>13,705</b>	<b>8,048</b>	<b>8,678</b>
<b>Total</b>	<b>\$ 452,526</b>	<b>\$ 24,003</b>	<b>\$ -</b>	<b>\$ (1,507)</b>	<b>\$ 475,022</b>	<b>\$ 183,462</b>	<b>\$ 13,275</b>	<b>\$ (1,007)</b>	<b>\$ 195,730</b>	<b>\$ 279,292</b>	<b>\$ 269,064</b>

\* There were no write-downs in the current year (2016 - \$561).

**Northwest Territories Human Rights Commission**

**Financial Statements**

**March 31, 2017**

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# Northwest Territories Human Rights Commission

## Financial Statements

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## Independent Auditors' Report

### To the Commission Members of Northwest Territories Human Rights Commission

We have audited the accompanying financial statement of Northwest Territories Human Rights Commission, which comprise the statement of financial position as at March 31, 2017, 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.

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

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

#### *Auditors' 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 auditors' judgement, 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 the 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.



## **Independent Auditors' Report (continued)**

### *Opinion*

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, 2017 and the results of its operations and cash flows for the year then ended in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations.

### *Report on Other Legal and Regulatory Requirements*

We further report in accordance with the *Financial Administration Act* of the Northwest Territories that, in our opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith, and the transactions that have come under our notice have, in all material respects, been in accordance with the *Financial Administration Act*.

**Yellowknife, Northwest Territories  
September 22, 2017**



**Chartered Professional Accountants**

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## Northwest Territories Human Rights Commission

### Statement of Operations

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For the year ended March 31,	2017	2016
<b>Revenue</b>		
Government of the Northwest Territories ("GNWT")		
- Operating grant	\$ 250,000	\$ 250,000
- Expense reimbursement (Note 4)	(22,899)	(32,239)
- Refunded to GNWT	(11,000)	(29,000)
	<b>216,101</b>	188,761
<b>Expenses</b>		
Accounting	6,793	6,760
Advertising and promotion	10,875	16,179
Bank charges	-	25
Benefits and pension	2,253	1,805
Catering	4,550	2,515
Contributions and donations	5,588	-
Events	6,642	6,528
Honorarium - commission chair	22,205	21,688
Honorarium - commission members	35,718	27,224
Legal expenses	87,098	69,979
Membership fees	2,500	2,200
Office supplies	789	700
Postal and courier	15	-
Printing	214	6,436
Professional development	2,712	490
Telephone	256	43
Website	107	-
	<b>188,315</b>	162,572
<b>Excess revenue</b>	<b>\$ 27,786</b>	<b>\$ 26,189</b>

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## Northwest Territories Human Rights Commission

### Statement of Changes in Net Assets

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For the year ended March 31,		2017	2016
	General Fund	Total	Total
Balance, beginning of year	\$ 150,924	\$ 150,924	\$ 124,735
Excess revenue	27,786	27,786	26,189
Balance, end of year	\$ 178,710	\$ 178,710	\$ 150,924

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# Northwest Territories Human Rights Commission

## Statement of Financial Position

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As at March 31, 2017 2016

### Assets

#### Current

Cash	\$ 172,246	\$ 157,219
Due from GNWT - Legislative Assembly (Note 4)	9,401	2,911
Prepaid expenses	3,834	899

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**\$ 185,481** **\$ 161,029**

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### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 6,771	\$ 10,105
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### Net Assets

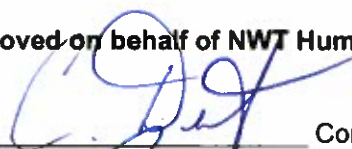
General Fund	178,710	150,924
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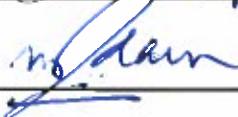
**\$ 185,481** **\$ 161,029**

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Approved on behalf of NWT Human Rights Commission



\_\_\_\_\_  
Commission Chair



\_\_\_\_\_  
Commission Member

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## Northwest Territories Human Rights Commission

### Statement of Cash Flows

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For the year ended March 31,	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue	\$ 27,786	\$ 26,189
Change in non-cash operating working capital		
Due from GNWT - Legislative Assembly	(6,490)	3,437
Prepaid expenses	(2,935)	51
Accounts payable and accrued liabilities	(3,334)	(19,967)
<b>Change in cash</b>	<b>15,027</b>	<b>9,710</b>
<b>Cash, opening</b>	<b>157,219</b>	<b>147,509</b>
<b>Cash, closing</b>	<b>\$ 172,246</b>	<b>\$ 157,219</b>

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# Northwest Territories Human Rights Commission

## Notes to Financial Statements

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March 31, 2017

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### 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 Public Sector Accounting Standards for Not-for-Profit Organizations (PSA-NPO) 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 GNWT - Legislative Assembly, and accounts payable and accrued liabilities. 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) Fund accounting

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

#### (c) Revenue recognition

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funds received and not expended are neither deferred nor repayable to the funding organization.

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## Northwest Territories Human Rights Commission

### Notes to Financial Statements

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March 31, 2017

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#### 2. Accounting Policies (continued)

##### (d) Measurement uncertainty

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

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# Northwest Territories Human Rights Commission

## Notes to Financial Statements

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March 31, 2017

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### 3. Future Accounting Changes

#### **Related party disclosures, Section PS 2200**

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

#### **Assets, Section PS 3210**

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

#### **Contingent Assets, Section PS 3320**

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

#### **Contractual Rights, Section PS 3380**

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

#### **Inter-entity Transactions, Section PS 3420**

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

#### **Restructuring Transactions, Section PS 3430**

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

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



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# Northwest Territories Human Rights Commission

## Notes to Financial Statements

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March 31, 2017

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### 4. Transfer of Assets

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

### 5. Expense Reimbursement

The Commission gave the GNWT a portion from its funding to pay for travel expenses on behalf of the Commission. In the current year, \$32,300 of the \$250,000 funding was given to the GNWT for travel. The GNWT spent \$22,899 on behalf of the Commission and \$9,401 is shown as a receivable.

5784 - Travel Commission Chair  
5785 - Travel Commission Member  
5786 - Travel Staff Member  
5892 - Registration - Commission Member  
5893 - Registration - Commission Chair  
5615 - Advertising

	Account 5784	Account 5785	Account 5892	Account 5893	Account 5615	TOTAL 2017	TOTAL 2016
HRC Meetings	\$ -	\$ 4,466	\$ -	\$ -	\$ -	\$ 4,466	\$ 4,352
CASHRA	3,533	6,618	1,207	604	-	11,962	13,909
Community Visits	-	6,214	-	-	-	6,214	13,978
Community Events	-	-	-	-	257	257	-
<b>Total</b>	<b>\$ 3,533</b>	<b>\$ 17,298</b>	<b>\$ 1,207</b>	<b>\$ 604</b>	<b>\$ 257</b>	<b>\$ 22,899</b>	<b>\$ 32,239</b>

### 6. Financial Instruments

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

#### (a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its, cash and due from the GNWT - Legislative Assembly.

The Commission has a credit risk in cash \$172,246 (2016 - \$157,219) as a result of having funds in excess of insurable limit with one financial institution. In the event of default, the Commission's cash is insured up to \$100,000.

Credit risk related to amount due from the GNWT - Legislative Assembly 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 \$181,647 (2016 - \$160,130)

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## Northwest Territories Human Rights Commission

### Notes to Financial Statements

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March 31, 2017

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#### 6. Financial Instruments (Continued)

##### (b) Concentration of credit risk

The Commission does have concentration risk. At March 31, 2017, receivables from one government agency comprised \$9,401 (2016 - \$2,911) 100% of the total outstanding accounts receivables. The Commission reduces this risk by monitoring overdue balances.

The Commission also has concentration risk of credit as deposits are held in one Canadian chartered bank above the insurable limit of \$100,000.

**NORTHWEST TERRITORIES HYDRO CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**



## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Hydro Corporation, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Hydro Corporation as at 31 March 2017, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Report on Other Legal and Regulatory Requirements**

In my opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Hydro Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with 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.



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

28 July 2017  
Edmonton, Canada

# **NORTHWEST TERRITORIES HYDRO CORPORATION**

## **Management's Responsibility for Financial Reporting**

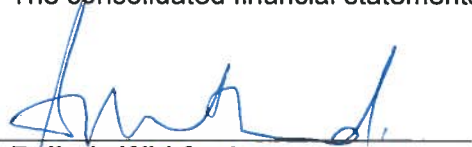
The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, are protected from loss or unauthorized use and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

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

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

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



**Belinda Whitford**  
Chief Financial Officer



**Andrew Davidson**  
Controller

Hay River, NT  
July 28, 2017

# NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2017	2016
<b>Financial assets</b>		
Cash	\$ 9,831	\$ 1,236
Revenues receivable (Note 3)	12,683	14,559
Loan receivable (Note 4)	14,395	15,306
Sinking fund investments (Note 5)	5,800	7,988
Investment in Aadrii Ltd.	385	393
	<b>43,094</b>	<b>39,482</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	15,303	19,457
Capital lease obligations (Note 4)	18,120	18,568
Debenture debt (Note 5)	230,265	181,818
Asset retirement obligations and environmental liabilities (Note 6)	17,943	17,674
Other employee future benefits (Note 7)	3,077	3,056
Operating line of credit (Note 8)	-	32,600
Deferred government contributions (Note 16)	-	2,702
	<b>284,708</b>	<b>275,875</b>
<b>Net debt</b>	<b>\$ (241,614)</b>	<b>\$ (236,393)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	348,739	349,526
Inventories (Note 10)	8,284	8,981
Prepaid expenses	1,316	1,056
	<b>358,339</b>	<b>359,563</b>
<b>Accumulated surplus / equity (Note 11)</b>	<b>\$ 116,725</b>	<b>\$ 123,170</b>

*Contractual obligations and contingencies (Note 18)*

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

Approved on behalf of the Board:



Paul Guy, Chairman of the Board



David Stewart, Director

# NORTHWEST TERRITORIES HYDRO CORPORATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31 (in thousands of dollars)

	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Revenues</b>			
Sale of power (Note 12)	\$ 103,007	\$ 102,405	\$ 99,783
Other revenue and customer contributions (Note 13)	2,169	1,898	2,511
Interest income (Note 15)	1,520	1,525	1,616
Insurance proceeds	-	70	1,278
Fuel rider revenues (refunds) (Note 1)	(905)	(763)	1,711
(Loss) income from investment in Aadrii Ltd.	75	(8)	(39)
	<b>105,866</b>	<b>105,127</b>	<b>106,860</b>
<b>Expenses (Note 14)</b>			
Thermal generation	59,451	61,813	76,942
Hydro generation	18,357	23,055	18,531
Corporate services	17,841	15,300	17,155
Transmission, distribution and retail	10,999	11,005	10,059
Purchased power	2,125	2,604	2,263
Alternative power generation	307	424	336
	<b>109,080</b>	<b>114,201</b>	<b>125,286</b>
<b>Deficit for the year before government contributions</b>	<b>(3,214)</b>	<b>(9,074)</b>	<b>(18,426)</b>
<b>Government contributions</b>			
GNWT extreme low water contributions (Note 16)	580	1,726	23,008
Other government contributions (Note 16)	-	903	1,732
	<b>580</b>	<b>2,629</b>	<b>24,740</b>
<b>(Deficit) surplus for the year</b>	<b>\$ (2,634)</b>	<b>\$ (6,445)</b>	<b>\$ 6,314</b>
Accumulated surplus / equity, beginning of year	123,170	123,170	116,856
<b>Accumulated surplus / equity, end of year</b>	<b>\$ 120,536</b>	<b>\$ 116,725</b>	<b>\$ 123,170</b>

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



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

	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
(Deficit) Surplus for the year	\$ (2,634)	\$ (6,445)	\$ 6,314
Tangible capital assets			
Additions	(31,320)	(14,812)	(27,155)
Capitalized overhead	(3,200)	(3,696)	(3,790)
Capitalized interest (Note 15)	(343)	(571)	(745)
Disposals	-	3,850	6,466
Amortization (Note 9)	17,026	16,016	16,155
	<b>(17,837)</b>	<b>787</b>	<b>(9,069)</b>
Additions of inventories	(5,192)	(6,028)	(7,272)
Use of inventories	4,747	6,725	7,431
Additions to prepaids	(1,700)	(1,633)	(1,759)
Use of prepaids	1,600	1,373	1,558
	<b>(545)</b>	<b>437</b>	<b>(42)</b>
<b>Increase in net debt for the year</b>	<b>\$ (21,016)</b>	<b>\$ (5,221)</b>	<b>\$ (2,797)</b>
<b>Net debt, beginning of year</b>	<b>(236,393)</b>	<b>(236,393)</b>	<b>(233,596)</b>
<b>Net debt, end of year</b>	<b>\$ (257,409)</b>	<b>\$ (241,614)</b>	<b>\$ (236,393)</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended March 31**  
*(in thousands of dollars)*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in) operating activities</b>		
Cash receipts from customers	\$ 105,550	\$ 103,887
Cash paid to suppliers	(53,241)	(71,331)
Cash paid to employees	(26,954)	(26,690)
Interest paid (Note 4)	(11,331)	(11,310)
Interest received (Note 4)	95	104
Government contributions received	5,508	21,447
Government contributions returned	(5,771)	-
	<b>13,856</b>	<b>16,107</b>
<b>Cash provided by (used in) investing activities</b>		
Sinking fund investment redemptions (Note 5)	2,616	-
Sinking fund installments (Note 5)	(428)	(794)
Loan receivable receipts (Note 4)	174	128
Return of capital from Aadrii Ltd.	-	225
	<b>2,362</b>	<b>(441)</b>
<b>Cash provided by (used in) capital activities</b>		
Acquisition and development of tangible capital assets	(19,089)	(28,824)
(Losses) Proceeds on sale of tangible capital assets	-	162
	<b>(19,089)</b>	<b>(28,662)</b>
<b>Cash (used in) provided by financing activities</b>		
Issuance (repayment) of debenture debt	60,000	-
Net (payments made on) proceeds from operating line of credit	(32,600)	14,485
Repayment of capital lease obligation (Note 4)	(43)	(34)
Early redemption penalty	(4,552)	-
Repayment of debenture debt	(11,339)	(2,552)
	<b>11,466</b>	<b>11,899</b>
<b>Increase (decrease) in cash</b>	<b>\$ 8,595</b>	<b>\$ (1,097)</b>
Cash, beginning of year	1,236	2,333
<b>Cash, end of year</b>	<b>\$ 9,831</b>	<b>\$ 1,236</b>

*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 11).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities to provide utility services in the Northwest Territories. NTPC is a regulated company, established under the *Northwest Territories Power Corporation Act* and controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NTEC(03)). NTEC(03) was inactive in 2016/17 as the operations were transferred to the GNWT's Public Works and Services (PWS) effective April 1, 2015.

#### b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

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

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. On January 21, 2013 in Decision 1-2013 the PUB approved a return on equity for 2013/14 of 8.5% on assets outside the thermal zone and 0% for thermal zone assets. The approved return on equity will remain in effect until it is reassessed at the time of the next GRA. As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

NTPC filed its 2016/19 GRA on June 30, 2016. This application requests a change to NTPC's amortization rates as well as its energy rates charged to customers. A decision from the PUB is not expected on this GRA until the fall of 2017.

NTPC filed a 2016/17 Interim Rate Application with the PUB on June 30, 2016 requesting a 4.8% increase to base energy rates for all customers effective August 1, 2016. The PUB approved this application on July 26, 2016. NTPC also filed a 2017/18 Interim Rate Application with the PUB on February 28, 2017, proposing a 4% increase to the 2016/17 rates effective April 1, 2017. The PUB approved this application on March 31, 2017. Any difference between the 2016/17 and 2017/18

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 1. The Corporation (continued)

interim rates and the final rates for 2016/17 and 2017/18 approved by the PUB in its decision on the 2016/19 GRA will be refunded or collected from customers on a prospective basis and will be adjusted in 2017/18.

In Decision 16-2010, pursuant to the Electricity Rate Policy Guidelines issued by the Minister Responsible for the PUB, the PUB approved the establishment of the Territory-wide Rate Stabilization Fund (RSF) for NTPC. This fund is subject to a \$2,500 threshold, variances in fuel prices and purchased power prices relative to the PUB approved rates, and accumulates fuel mix variances in dual fuel communities. This fund is drawn down by the use of rate riders or refund riders. The PUB approved a RSF rider of 1.17 cents/kWh effective May 1, 2014 for all firm power customers with the exception of Northland Utilities (NWT) Limited. The collection of this rider completed on October 31, 2015.

On April 29, 2016 NTPC filed a refund rider application to refund the balance of the RSF to customers resulting from the world wide decrease in fuel prices over the past two years. The PUB's Decision 6-2016 approved the refund rider of 0.36 cents/kWh effective June 1, 2016. See subsequent event information in Note 20.

#### c) Economic dependence

NT Hydro has historically been able to maintain its operations and meet its liabilities through the rate regulation process without receiving any significant financial assistance from the GNWT. Over the past few years, in order to mitigate rate increases to customers, the GNWT has provided larger increases in subsidization to customers and rate riders by providing direct contributions to NTPC to apply against those rate increases and the RSF. As a result of this government driven policy, NT Hydro is economically 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 GNWT.

#### d) Governance

On May 24, 2016 the GNWT formed a Board of Directors comprised of Deputy Ministers from the GNWT. Part of the new Board's mandate is to review and recommend an appropriate long term governance structure for NT Hydro.

## 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 as at March 31, 2017.

#### a) Basis of consolidation

The consolidated financial statements of NT Hydro consist of the consolidation of NT Hydro and its wholly-owned subsidiaries, from the date that control commences until the date that control ceases. NT Hydro's investment in a government business partnership, resulting from NWTEC's 50% shared ownership in Aadrii Ltd. is accounted for using the modified equity method using NWTEC's 50% share of Aadrii Ltd. to record its investment, net income and other changes in equity.

Inter-entity transactions and balances with wholly owned subsidiaries are eliminated upon consolidation. The inter-entity transactions and balances of the subsidiaries accounted for using the modified equity basis are not eliminated.

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

#### b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provision 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 write-downs 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, sinking fund investments, loan receivable, accounts payable and accrued liabilities, the operating line of credit, and the debenture debt.

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

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value.

Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 2. Significant accounting policies (continued)

#### e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and capitalized interest directly attributable to construction or development (IDC). Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or services. The IDC rate for 2016/17 was 5.676% (2015/16 – 5.676%). 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.

##### *ii) Transfers of tangible capital assets*

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

##### *iii) Impairment*

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide goods and 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*

For 2016/17 management has utilized amortization rates as proposed in its most recent amortization study and included in the Phase 1 of the 2016/19 GRA currently in front of the PUB. The PUB may approve different rates for 2016/17 when it issues its decision in 2017/18. Any difference between management's estimate of amortization rates and the final PUB rates will be adjusted in 2017/18. The cost, less residual value, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 2. Significant accounting policies (continued)

Annual amortization rates are as follows:

	<b>2017</b>	<b>2016</b>
	<b>Rates (%)</b>	<b>Rates (%)</b>
Electric power plants	1.00 – 4.86	1.00 – 6.63
Transmission and distribution systems	1.54 – 6.67	1.54 – 5.00
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.00 – 12.83
Electric power plant under capital lease	1.00 – 4.86	1.33 – 1.54

Assets under construction are not amortized until they are ready for their intended productive use. NTPC 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.

#### f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

#### g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

#### h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (“the Plan”), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro’s contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

#### i) Other employee future benefits

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

##### *i) Severance and ultimate removal benefits*

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



## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 2. Significant accounting policies (continued)

#### ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate but do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

#### j) Asset retirement obligations

On an annual basis, NT Hydro identifies legal obligations associated with the retirement of its tangible capital assets. Management's best estimate of the future expenditures required to settle the legal obligations are recognized to the extent that they can be reasonably estimated and are calculated based on the estimated future cash flows necessary to discharge the legal obligations, discounted using NT Hydro's cost of borrowing for maturity dates that coincide with the expected future cash flows.

The estimated asset retirement obligation (ARO) is recorded as a liability and a corresponding increase to tangible capital assets. The liability for AROs is increased annually for the passage of time by calculating accretion on the liability based on the discount rates implicit in the initial measurement. Changes in the obligation resulting from revisions to the timing or amount of the estimated undiscounted future cash flows or revisions to the discount rate are recognized as an increase or decrease in the related carrying amount of the related tangible capital asset.

NT Hydro has identified other sites where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized.

#### k) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. NT Hydro recognizes environmental liabilities 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.

Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of future environmental liabilities on an on-going basis.

#### l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

## **NORTHWEST TERRITORIES HYDRO CORPORATION**

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

#### **m) Revenues**

Revenues for the sale of power and fuel rider revenues (refunds) are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel rider revenues (refunds) include accruals for electricity sales not yet billed.

Interest, contract, contribution and other revenues are recognized on the accrual basis.

#### **n) Expenses**

Expenses are recognized on an accrual basis.

#### **o) Contractual obligations and contingencies**

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

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

#### **p) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

#### **q) Future accounting changes**

PSAB issued new standards in March 2015 on Related Party Transactions (PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions) and four new standards related to Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430) in June 2015. All these new standards have an effective date of April 1, 2017, except for PS 3430 that has an effective date of April 1, 2018.

NTPC will analyze the impact of these new standards on its consolidated financial statements.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 3. Revenues receivable

At March 31, 2017, the aging of revenues receivable was as follows:

	2017			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 9,317	\$ 1,062	\$ 424	\$ 10,803
Non-utility	1,174	50	918	2,142
Allowance for doubtful accounts	-	-	(262)	(262)
	\$ 10,491	\$ 1,112	\$ 1,080	\$ 12,683

At March 31, 2016, the aging of revenues receivable was as follows:

	2016			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 11,180	\$ 523	\$ 298	\$ 12,001
Non-utility	2,436	2	438	2,876
Allowance for doubtful accounts	-	-	(318)	(318)
	\$ 13,616	\$ 525	\$ 418	\$ 14,559

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 3. Revenues receivable (continued)

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

	2017	2016
Balance, beginning of the year	\$ (318)	\$ (512)
Receivables written off	91	89
Decrease (increase) to allowance	(35)	105
Balance, end of the year	\$ (262)	\$ (318)

Revenues receivable on utility and non-utility accounts are generally due in 45 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2017, NT Hydro provided an allowance for doubtful accounts for some of its revenues receivable accounts with amounts outstanding longer than 90 days. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 19.

#### 4. Loan receivable and capital lease obligations

##### Loan receivable

NWTEC loaned \$22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (the "Snare Plant") in the NWT between 1994 and 1996. The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWTEC's debenture debt issued to finance the loan. It is due July 2026 and is repayable in equal monthly blended principal and interest payments of \$195.

Loan receivable payments and the capital lease payments for the Snare Plant are settled on a net basis and are presented segregated on the statement of cash flows. Loan receivable principal payments of \$911 (2015/16 - \$827) and interest income of \$1,430 (2015/16 - \$1,513) were offset by capital lease principal payments of \$405 (2015/16 - \$405) and interest expense of \$1,762 (2015/16 \$1,807). As a result, the net cash receipt of \$174 (2015/16 - \$128) is disclosed in the statement of cash flows as loan receivable receipts.

##### Capital lease obligations

###### *Snare Cascades*

NTPC has an initial 65-year lease from the DPC for the Snare Cascades at an imputed interest rate of 9.6% until 2061. The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by arbitration. The renewal term will be based on the end of the useful life of the property or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 9).

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 4. Loan receivable and capital lease obligations (continued)

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

#### *Colville Lake Office*

In 2016, NTPC entered into a capital lease arrangement for a trailer in Colville Lake with minimum monthly payments of \$4 until June 1, 2020.

The present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

	<b>Snare Cascades</b>	<b>Colville Lake Office</b>	<b>Total</b>
2018	\$ 2,121	\$ 48	\$ 2,169
2019	2,073	48	2,121
2020	2,024	48	2,072
2021	1,974	8	1,982
2022	1,922	-	1,922
Thereafter	44,530	-	44,530
	54,644	152	54,796
Less: amounts representing imputed interest	(36,668)	(8)	(36,676)
<b>Total capital lease obligations</b>	<b>\$ 17,976</b>	<b>\$ 144</b>	<b>\$ 18,120</b>

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and associated capital lease obligations can be found in Note 19.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 5. Debenture debt and related sinking fund investments

	<u>2017</u>	<u>2016</u>
3.982% amortizing debenture, due February 17, 2047	\$ 60,000	\$ -
5.16% amortizing debenture, due September 13, 2040	45,566	46,545
5.443% debenture, due August 1, 2028	25,000	25,000
5.995% debenture, due December 15, 2034	25,000	25,000
3.818% debenture, due November 25, 2052	25,000	25,000
5% debenture, due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032	10,667	11,333
6.33% sinking fund debentures, due October 27, 2018	10,000	10,000
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of \$73	5,528	5,883
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of \$69	4,743	5,085
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	4,645	5,002
8.41% sinking fund debentures, due February 27, 2026	-	8,700
	<u>\$ 231,149</u>	<u>\$ 182,548</u>
Less: Unamortized premium, discount and issuance costs	(884)	(730)
	<u>\$ 230,265</u>	<u>\$ 181,818</u>

The GNWT guarantees NT Hydro's debenture debt.

Principal repayments for the next five years are as follows:

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>	<u>Total</u>
\$ 3,923	\$ 14,136	\$ 4,364	\$ 4,613	\$ 4,879	\$199,234	\$231,149

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 5. Debenture debt and related sinking fund investments (continued)

#### Sinking fund investments and requirements

Sinking fund investments are held by the Trustee restricted for the redemption of debentures. The agreements require annual installments to retire debt at maturity. NTPC's sinking fund policy allows only Canadian fixed-income investments with investment grade credit. All asset classes are measured at cost or amortized cost, and market value approximates cost due to the short-term to maturity of the investments. Additional disclosures on NTPC's exposure and management of risk associated with sinking fund investments can be found in Note 19.

The weighted average effective rate of return for the year was 0.47% (2015/16 - 0.48%)

Estimated sinking fund investment requirements for future years are as follows:

<u>2018</u>	<u>2019</u>	<u>Thereafter</u>	<u>Total</u>
\$ 425	\$ 425	\$ -	\$ 850

From time-to-time the opportunity arises for NTPC to refinance existing debt with more favorable interest rates. On December 16, 2016, the Board of Directors authorized the redemption of \$8.7 million face value 8.41% debenture due February 27, 2026. As of March 28, 2017, NTPC redeemed in full the debenture at a price of \$152.994, including unpaid accrued interest, per \$100 face value. As per the debenture, the redemption price was calculated to provide a yield to maturity equal to the Government of Canada 1.5% June 1, 2026 yield to maturity plus 0.20%. The full amount of the associated sinking fund (\$2,616) was redeemed and used to repay the debenture with the remainder, including a current year loss on redemption of \$4,552, coming from NTPC's main operating account.

### 6. Asset retirement obligations and environmental liabilities

	<u>2017</u>			<u>2016</u>		
	<u>ARO</u>	<u>Env. Liability</u>	<u>Total</u>	<u>ARO</u>	<u>Env. Liability</u>	<u>Total</u>
Opening balance	\$ 6,846	\$ 10,828	\$ 17,674	\$ 7,086	\$ 11,467	\$ 18,553
Liabilities settled	(92)	(197)	(289)	(1,358)	(283)	(1,641)
Accretion Expense	180	-	180	166	-	166
Valuation Adjustment	185	141	326	871	(356)	515
Additions	219	-	219	255	-	255
Disposals	(167)	-	(167)	(174)	-	(174)
Balance, end of year	<u>\$ 7,171</u>	<u>\$ 10,772</u>	<u>\$ 17,943</u>	<u>\$ 6,846</u>	<u>\$ 10,828</u>	<u>\$ 17,674</u>

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 6. Asset retirement obligations and environmental liabilities (continued)

AROs include costs related to the disposal of generating plants on leased land, storage tank systems and the associated piping for petroleum products in all communities served by NTPC and the remediation of contaminated sites. Following is a summary of the key assumptions upon which the carrying amount of the AROs is based:

- Total expected future cash flows - \$48,192 (2015/16 - \$48,132)
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 73 years with the majority occurring after 2040.
- The discount rate is the cost of borrowing rate of 2.64% (2015/16 – 2.47%) for those obligations to be settled in less than 10 years and 3.57% (2015/16 – 3.5%) for those obligations to be settled in 10 years or longer.

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 in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NT Hydro estimates that it has 24 sites (2015/16 - 24 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NT Hydro is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

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

## 7. Other employee future benefits

### a) Public Service Pension Plan:

The employees of NT Hydro participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2015/16 – 1.15) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2015/16 – 1.1) the employees' contributions for all other employees. Employer contributions of \$2,249 (2015/16 - \$2,697) were recognized as an expense in the current year. The employees' contribution to this plan were \$1,894 (2015/16 - \$1,850).

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. Furthermore, contribution rates for current service for all members of the public service will increase gradually to an employer - employee cost sharing ratio of 50:50 by 2017.



## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 7. Other employee future benefits (continued)

#### b) Other employee future benefits:

Summary of other employee future benefit liabilities:

	2017			2016		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Opening net future obligation	\$ 3,012	\$ 44	\$ 3,056	\$ 2,987	\$ 177	\$ 3,164
Less prior year unamortized net actuarial (gain) loss	(60)	72	12	79	5	84
Accrued benefit obligation, beginning of the year	2,952	116	3,068	3,066	182	3,248
Benefits earned	273	10	283	304	14	318
Interest	70	3	73	71	2	73
Benefits paid	(318)	(19)	(337)	(508)	(79)	(587)
Plan amendments	-	-	-	79	-	79
Actuarial gains (losses)	274	156	430	(60)	(3)	(63)
Accrued benefits paid during the year	3,251	266	3,517	2,952	116	3,068
Unamortized net actuarial (gain) loss	(221)	(219)	(440)	60	(72)	(12)
Net Future obligation	<u>\$ 3,030</u>	<u>\$ 47</u>	<u>\$ 3,077</u>	<u>\$ 3,012</u>	<u>\$ 44</u>	<u>\$ 3,056</u>

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 7. Other employee future benefits (continued)

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

	<u>2017</u>		<u>2016</u>
Current benefits earned	283	\$	313
Interest	73		73
Amortization of net actuarial loss	2		9
	<u>\$ 358</u>	<u>\$</u>	<u>395</u>

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

	<u>2017</u>		<u>2016</u>
Expected inflation rates	2%		2%
Discount rate used to determine the accrued benefit obligation	2.00%		2.33%
Expected average remaining service life of related employee groups (EARSL)	<u>8.5 years</u>		<u>8.6 years</u>

### 8. Operating line of credit

NTPC has a \$50,000 (2015/16 - \$50,000) operating line of credit with its bank. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

NTPC's short term debt against its operating line of credit as of March 31, 2017 was nil (2015/16 - \$32,600). The short term debt outstanding at March 31, 2016 had a weighted average 43 day term and a 1.72% weighted average annual interest rate.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 9. Tangible capital assets

March 31, 2017						
	Electric power plants	T&D systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
<b>Cost</b>						
Opening balance	\$ 324,949	\$ 89,907	\$ 60,070	\$ 26,891	\$ 16,766	\$ 518,583
Additions	102	950	-	-	18,027	19,079
Transfers – completed projects	14,295	3,200	2,934	2,334	(22,763)	-
Disposals	(3,757)	(225)	(2,367)	(718)	-	(7,067)
Closing balance	335,589	93,832	60,637	28,507	12,030	530,595
<b>Accumulated amortization</b>						
Opening balance	(105,174)	(28,637)	(27,186)	(8,060)	-	(169,057)
Amortization	(9,465)	(2,402)	(3,721)	(428)	-	(16,016)
Disposals and adjustments	1,756	(215)	1,489	187	-	3,217
Closing balance	(112,883)	(31,254)	(29,418)	(8,301)	-	(181,856)
<b>Net book value</b>	<b>\$ 222,706</b>	<b>\$ 62,578</b>	<b>\$ 31,219</b>	<b>\$ 20,206</b>	<b>\$ 12,030</b>	<b>\$ 348,739</b>

March 31, 2016							
	Electric power plants	T&D systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	LNG assets under capital lease	Construction work in progress	Total
<b>Cost</b>							
Opening balance	\$ 312,907	\$ 86,299	\$ 55,091	\$ 26,469	\$ 2,556	\$ 15,637	\$498,959
Additions	1,123	-	-	-	-	30,568	31,691
Transfers – completed projects	15,225	5,088	8,704	422	-	(29,439)	-
Disposals	(4,306)	(1,480)	(3,725)	-	(2,556)	-	(12,067)
Closing balance	324,949	89,907	60,070	26,891	-	16,766	518,583
<b>Accumulated Amortization</b>							
Opening balance	(97,214)	(27,096)	(26,024)	(7,620)	(549)	-	(158,503)
Amortization	(9,531)	(2,365)	(3,819)	(440)	-	-	(16,155)
Disposals	1,571	824	2,657	-	549	-	5,601
Closing balance	(105,174)	(28,637)	(27,186)	(8,060)	-	-	(169,057)
<b>Net book value</b>	<b>\$ 219,775</b>	<b>\$ 61,270</b>	<b>\$ 32,884</b>	<b>\$ 18,831</b>	<b>\$ -</b>	<b>\$ 16,766</b>	<b>\$349,526</b>

**NORTHWEST TERRITORIES HYDRO CORPORATION**

**10. Inventories**

	<u>2017</u>	<u>2016</u>
Materials, supplies and lubricants	\$ 4,567	\$ 4,461
Critical spare parts	3,424	4,169
Fuel	293	351
	<u>\$ 8,284</u>	<u>\$ 8,981</u>

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is only held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 18. Diesel fuel requirements for the remaining 20 plants are all managed under the fuel management services agreement described in Note 18.

**11. Accumulated surplus / equity**

	<u>2017</u>	<u>2016</u>
Share capital, common and preferred shares	\$ 43,129	\$ 43,129
Accumulated operating surplus / equity	73,596	80,041
	<u>\$ 116,725</u>	<u>\$ 123,170</u>

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, 2017, 1 common share (2015/16 – 1 common share), at \$43,129 per share, (2015/16 – \$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.

**12. Sale of power**

	<u>2017</u>	<u>2016</u>
Power sales to external customers	\$ 75,770	\$ 73,649
Power sales to GNWT and related parties	14,820	14,525
GNWT HSP payments	6,230	6,330
GNWT TPSP payments	5,585	5,279
	<u>\$ 102,405</u>	<u>\$ 99,783</u>

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

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

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

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 12. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

### 13. Other revenue and customer contributions

	<u>2017</u>	<u>2016</u>
Miscellaneous (Note 17)	\$ 529	\$ 105
Contract work	446	762
Pole rental	287	283
Connection fees	266	296
Heat revenues	208	291
Contributions in aid of construction	162	774
	<u>\$ 1,898</u>	<u>\$ 2,511</u>

#### Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of financial contributions from customers.

### 14. Expenses

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

	<u>2017</u>	<u>2016</u>
Fuels and lubricants (Note 18)	\$ 27,467	\$ 40,641
Salaries and wages	26,200	25,050
Supplies and services	20,621	23,934
Amortization (Note 9)	16,016	16,155
Interest expense (Note 16)	12,662	12,380
Net loss on debt (Note 5)	4,552	-
Net loss on disposal of assets	3,850	4,379
Travel and accommodation	2,653	2,581
Accretion on AROs (Note 6)	180	166
	<u>\$ 114,201</u>	<u>\$ 125,286</u>

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 15. Interest expense and interest income

#### Interest expense

	<u>2017</u>	<u>2016</u>
Interest on debenture debt and capital leases (Notes 4, 5)	\$ 12,673	\$ 12,556
Short-term debt financing costs (Note 8)	560	569
Capitalized interest during construction	<u>(571)</u>	<u>(745)</u>
	<u>\$ 12,662</u>	<u>\$ 12,380</u>

#### Interest income

	<u>2017</u>	<u>2016</u>
Income on loan receivable (Note 4)	\$ 1,430	\$ 1,513
Income from sinking fund investments (Note 5)	38	35
Income from overdue accounts	<u>57</u>	<u>68</u>
	<u>\$ 1,525</u>	<u>\$ 1,616</u>

### 16. Government contributions

#### GNWT extreme low water contributions

In 2015/16, NTPC signed a multi-year funding agreement with the GNWT to fund diesel fuel and lubricant costs and salaries related to additional operating time resulting from extreme low water on NTPC's hydro system between October 15, 2015 and March 31, 2017. Under this agreement NTPC received \$4,500 in 2016/17. NTPC had an unspent balance of extreme low water contributions from 2015/16 of \$2,702. During 2016/17, NTPC incurred \$1,726 in costs eligible under this agreement (2015/16 - \$23,008), and repaid \$5,771 in unspent 2015/16 and 2016/17 contributions, resulting in an overall net receivable from GNWT of \$295 recorded in revenues receivable at March 31, 2017.

#### Other government contributions

In 2016/17, NTPC signed a single year agreement with Indigenous and Northern Affairs Canada to fund the costs associated with an Exhaust Gas Recovery Unit (EGRU) to operate in the community of Inuvik. NTPC received \$414, of which it had incurred \$394 in eligible costs by March 31, 2017, resulting in a balance recorded under accounts payable and accrued liabilities of \$21.

In 2016/17, NTPC signed four single year agreement with the GNWT. The first agreement was to install a variable speed generator as a pilot project to improve fuel efficiency in Aklavik. The agreement was for \$338, \$300 of which was received during 2016/17. NTPC incurred eligible costs in excess of this amount, and recorded the contribution as revenue. \$38 is recorded in revenues receivable on March 31, 2017. The second agreement was to fund the costs associated with defining data logging information at the Colville Lake project site. This agreement was for \$45, which was fully spent and received as at March 31, 2017. Additionally, NTPC signed an agreement with GNWT for the in-kind transfer of the data logger. This asset had a contribution value of \$35 as recorded under electric power plants in tangible capital assets. The fourth agreement was to fund the costs associated with electricity regulation and energy review analysis. The agreement was for \$60. NTPC incurred \$38 in eligible costs, received \$30 and has recorded a revenue receivable at March 31, 2017 of \$8. NTPC also received \$53 from the GNWT for apprenticeship training support.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 17. Related party transactions and balances

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

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

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Other revenue	\$ 978	\$ 486
<b>Expenses</b>		
Purchases of fuel from Public Works and Services Division of the GNWT (PWS) (Note 18)	\$ 21,002	\$ 34,380
Other operating expenses	243	273
	\$ 21,245	\$ 34,653
<b>Financial assets</b>		
<b>Revenues receivable</b>		
Utility	\$ 1,453	\$ 1,040
Non-utility	39	93
	\$ 1,492	\$ 1,133
<b>Liabilities</b>		
Accounts payable to PWS for fuel (Note 18)	\$ 4,232	\$ 6,610
Other accounts payable and accrued liabilities	12	26
	\$ 4,244	\$ 6,636

### Transfer of NTEC(03) operations

As part of the windup of NTEC(03), a related party to NTPC and initiated in 2014/15, in 2016/17 NTEC(03)'s asset and liability balances were settled. NTPC recorded a net gain totaling \$425 on its previous loan to NTEC(03) as a result of the settlement of NTEC(03) balances. This is recorded in miscellaneous revenue. As at March 31, 2017, NTEC(03) has no remaining assets or liabilities. Management intends to preserve NTEC(03) as an inactive corporation for the foreseeable future.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 18. Contractual obligations and contingencies

#### a) Contractual obligations

NT Hydro and its subsidiaries have entered into agreements for, or are contractually committed for the following expenses that will be incurred subsequent to March 31, 2017:

	<u>Expiry</u>	<u>2018</u>	<u>2019 and subsequent</u>
Non related parties	2021	\$ 8,696	\$ 1,524

NT Hydro and its subsidiaries have entered into the following contractual obligations with related parties:

#### *Fuel management services agreement*

NTPC has a fuel management services agreement with the PWS. Under this agreement fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC are provided by PWS. 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 PWS in a given year. The contract expires March 31, 2021.

#### *LNG purchases*

On October 31, 2013 NTPC entered into an agreement with NTEC(03) to supply NTPC with LNG to NTPC's Inuvik facilities. This contract was transferred to PWS as of April 1, 2015 without interruption of service. The agreement is effective for five years until October 31, 2018. The price of LNG under this agreement varies with PWS's costs, which include LNG fuel costs, which are subject to changes in the market price, transportation costs and an administrative fee.

#### b) Contingencies

##### *Statement of claim*

The owners of a lodge on Nonacho Lake upstream of the Taltson dam, launched a Judicial Review of the 2012 Water Licence issued by the Mackenzie Valley Land and Water Board (MVLWB) to determine impacts of the Taltson Hydro facility on Nonacho Lake and their lodge operations. As a result of the Review, the MVLWB determined NTPC was to award financial compensation to the owners for future impacts. The owners moved the matter to the NWT Supreme Court. The Supreme Court determined that the MVLWB had not followed procedural fairness and ordered the MVLWB to complete a re-hearing. The re-hearing process started in January 2017 and a decision by the MVLWB is expected in late fall of 2017. The total amount claimed in this action is \$3.2 million however the outcome is not determinable due to the on-going re-hearing process.



## NORTHWEST TERRITORIES HYDRO CORPORATION

### 19. Financial instruments and risk management

#### Risks – overview

NT Hydro's financial instruments include cash, revenues receivable, loan receivable, accounts payable and accrued liabilities, debenture debt, sinking fund investments and the operating line of credit.

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.

	<u>2017</u>	<u>2016</u>
Loan receivable	\$ 14,395	\$ 15,306
Revenues receivable	12,683	14,559
Sinking fund investments	5,800	7,988
Cash	9,831	1,236
	<u>\$ 42,709</u>	<u>\$ 39,089</u>

#### *Loan receivable*

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place. See Note 4 for additional details.

#### *Revenues receivable*

NT Hydro minimizes revenues receivable credit risk by having a collections policy and terms and conditions of service consistent with industry standards. Credit risk is minimized by NTPC's large customer base. Thirty six percent (2015/16 - 37%) of NTPC's sales are to two other utilities. Twenty seven percent (2015/16 - 26%) of sales, including HSP and TPSP are to the GNWT.

#### *Sinking fund investments and cash*

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

#### b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of sinking fund requirements and amortization provisions on six of the eleven debentures. NT Hydro arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NT Hydro the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 19. Financial instruments and risk management (continued)

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a \$50,000 operating line with a reputable financial institution. The following table shows the maturities of the operating line of credit, debenture debt, sinking funds, Snare capital lease obligation, the associated loan receivable, and the LNG capital lease agreement:

March 31, 2017					
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 3,923	\$ 33,158	\$ 130,218	\$ 63,850	\$ 231,149
Sinking fund investments	-	(5,800)	-	-	(5,800)
Snare capital lease obligation	2,169	9,965	21,374	21,288	54,796
Loan receivable	(2,341)	(11,704)	(7,803)	-	(21,848)
	<u>\$ 3,751</u>	<u>\$ 25,619</u>	<u>\$ 143,789</u>	<u>\$ 85,138</u>	<u>\$ 258,297</u>
March 31, 2016					
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Operating line of credit	\$ 32,600	\$ -	\$ -	\$ -	\$ 32,600
Debenture debt	2,700	26,138	115,335	38,375	182,548
Sinking fund investments	-	(5,385)	(2,603)	-	(7,988)
Snare capital lease obligation	2,215	10,218	21,941	22,582	56,956
Loan receivable	(2,341)	(11,704)	(10,144)	-	(24,189)
	<u>\$ 35,174</u>	<u>\$ 19,267</u>	<u>\$ 124,529</u>	<u>\$ 60,957</u>	<u>\$ 239,927</u>

#### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in the fair value of the loan receivable, the Snare capital lease obligation, the LNG capital lease obligation, debenture debt, and sinking fund investments as all have fixed rates. The impact on net income due to fluctuations in interest rates on the operating line of credit or sinking fund investments is not significant.

#### 20. Subsequent PUB applications

On May 31, 2017 NTPC applied to the PUB to turn off its fuel refund rider effective July 1, 2017. The PUB approved the application on June 30, 2017.

#### 21. Comparative figures

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

**NWT LOTTERY AUTHORITY**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
March 31, 2017

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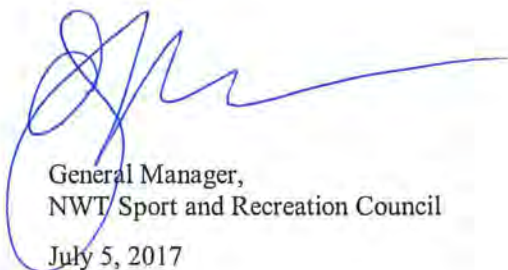
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## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



General Manager,  
NWT Sport and Recreation Council  
July 5, 2017



**AVERY COOPER & CO. LTD.**

Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
NWT Lottery Authority

We have audited the accompanying financial statements of NWT Lottery Authority, which comprise the Statement of Financial Position as at March 31, 2017, 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.

### *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 NWT Lottery Authority as at March 31, 2017, 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 & Co. Ltd.*

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

July 5, 2017



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

**NWT LOTTERY AUTHORITY**

**STATEMENT OF FINANCIAL POSITION**

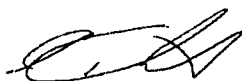
**March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 251,969	\$ 154,650
Accounts Receivable	33,335	23,950
Due from Western Canada Lottery Corporation	579,049	475,423
Due from NWT Sport and Recreation Council (Note 5)	5,755	70,325
Cash Holdback (Note 4)	<u>275,000</u>	<u>275,000</u>
	<u>1,145,108</u>	<u>999,348</u>
<b>LIABILITIES</b>		
Accounts Payable & Accrued Liabilities	256,668	49,056
Wages & Benefits Payable	14,362	1,730
Accrued termination benefits	5,012	26,854
Due to Government of Nunavut (Note 5)	<u>157,175</u>	<u>247,098</u>
	<u>433,217</u>	<u>324,738</u>
<b>NET FINANCIAL ASSETS</b>	711,891	674,610
<b>NON-FINANCIAL ASSETS</b>		
Prepaid Expenses	<u>8,483</u>	<u>13,599</u>
<b>ACCUMULATED SURPLUS (Note 4)</b>	<u><u>\$ 720,374</u></u>	<u><u>\$ 688,209</u></u>

Approved:



Member



Member

See the accompanying notes.

**NWT LOTTERY AUTHORITY**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
For the Year Ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ 32,165	\$ (90,168)
Change in Prepaid Expenses	<u>5,116</u>	<u>(6,103)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	37,281	(96,271)
<b>NET FINANCIAL ASSETS, opening</b>	<u>674,610</u>	<u>770,881</u>
<b>NET FINANCIAL ASSETS, closing</b>	<u><u>\$ 711,891</u></u>	<u><u>\$ 674,610</u></u>

See the accompanying notes.



# NWT LOTTERY AUTHORITY

## STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	<u>2017</u> Budget Unaudited	<u>2017</u> Actual	<u>2016</u> Actual
<b>REVENUES</b>			
Lottery Revenue, Net - Schedule 1	\$ 5,492,074	\$ 5,698,430	\$ 6,068,759
Nunavut Lottery revenue	(718,655)	(783,177)	(801,290)
Miscellaneous income	-	7,255	6,615
Interest income	-	667	1,399
Management fee revenue	<u>166,124</u>	<u>151,366</u>	<u>156,582</u>
	<u>4,939,543</u>	<u>5,074,541</u>	<u>5,432,065</u>
<b>EXPENSES</b>			
Advertising and promotion	80,000	61,520	43,757
Audit and accounting	9,000	6,825	8,441
Communications	4,000	7,128	2,996
Contributions	4,105,000	4,200,000	4,950,000
Equipment lease	1,500	615	1,487
Grants to retailers	265,000	259,618	113,586
Insurance	2,500	4,060	2,085
Interest and bank charges	1,200	1,084	1,283
Legal	5,000	5,934	1,429
Miscellaneous	-	902	247
Office supplies	21,505	50,569	26,520
Postage and courier	38,000	37,498	33,002
Professional development and training	9,000	2,195	10,898
Professional fees	28,090	21,091	48,664
Repairs and maintenance	3,000	1,264	2,229
Travel	31,885	19,340	19,341
Wages and benefits	<u>334,863</u>	<u>362,733</u>	<u>256,268</u>
	<u>4,939,543</u>	<u>5,042,376</u>	<u>5,522,233</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ 32,165</u>	<u>\$ (90,168)</u>

**NWT LOTTERY AUTHORITY**

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS  
For the Year Ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b><u>For the Year Ended March 31, 2017</u></b>		
<b>ACCUMULATED SURPLUS, opening</b>	\$ 688,209	\$ 778,377
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>32,165</u>	<u>(90,168)</u>
<b>ACCUMULATED SURPLUS, closing (Note 4)</b>	<u><u>\$ 720,374</u></u>	<u><u>\$ 688,209</u></u>
	<u>2016</u>	<u>2015</u>
<b><u>For the Year Ended March 31, 2016</u></b>		
<b>ACCUMULATED SURPLUS, opening</b>	\$ 778,377	\$ 1,274,773
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>(90,168)</u>	<u>(496,396)</u>
<b>ACCUMULATED SURPLUS, closing</b>	<u><u>\$ 688,209</u></u>	<u><u>\$ 778,377</u></u>

See the accompanying notes.

# NWT LOTTERY AUTHORITY

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from lottery proceeds and other	\$ 5,018,845	\$ 5,402,021
Cash receipts from other revenue	7,255	6,615
Cash paid to suppliers	(366,048)	(428,749)
Contributions to NWT Sport and Rec. Council	(4,200,000)	(4,950,000)
Cash paid to employees	<u>(362,733)</u>	<u>(261,169)</u>
<b>INCREASE (DECREASE) IN CASH</b>	97,319	(231,282)
<b>CASH, opening</b>	<u>154,650</u>	<u>385,932</u>
<b>CASH, closing</b>	<u><u>\$ 251,969</u></u>	<u><u>\$ 154,650</u></u>

# NWT LOTTERY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 1. NATURE OF OPERATIONS

NWT Lottery Authority was established by the NWT Sport and Recreation Council (NWTSRC) as per the Western Canada Lottery Regulations, R.R.N.W.T. 1993, c.W-1 as amended (the "Regulations"), for the purpose of assisting the NWTSRC in the performance of its duties under these regulations. As a public service entity, the Authority's function is to support the objectives of the Government of the Northwest Territories (GNWT) by operating the lottery in the Northwest Territories.

The NWTSRC has agreements with the Western Canada Lottery Corporation (Western Canada Lottery Corporation Agreement, signed April 1, 2009) and the Government of the Northwest Territories (Lottery Operations Agreement, signed September 9, 2010) for the purpose of conducting and managing the sale of Western Canada Lottery products pursuant to the Western Canada Lottery Act, R.S.N.W.T. 1988ccW-3 as amended (the "Act") and the Regulations.

### 2. CHANGE IN ACCOUNTING POLICIES

#### (a) Inter-entity transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 3420, "Inter-entity transactions". This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of the new Section are:

- under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- transactions are measured at their carrying amount, except in special circumstances;
- a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice, and
- the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Lottery Authority is currently assessing the impact of this Section.

#### (b) Assets

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Lottery Authority is currently assessing the impact of this Section.

# NWT LOTTERY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### (c) Related party disclosures

In March 2015, the PSAB issued Section PS 2200, "Related party disclosures". This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material effect on the financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Lottery Authority is currently assessing the impact of this Section.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Financial instruments

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

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and mortgages payable.

#### (b) Cash equivalents

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

#### (c) Tangible capital assets

Minor capital assets purchased during the year are recorded as expenses.

#### (d) Revenue recognition

Funds received from Western Canada Lottery Corporation are recognized as revenue only when the draw has been completed.

#### (e) Financial assets

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

# NWT LOTTERY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (f) Non-financial assets

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

#### (g) Net debt

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

### 4. ACCUMULATED SURPLUS

The cash holdback represents the March 31, 1996 outstanding settlement from the Western Canada Lottery Corporation ("WCLC"). The amount is withheld as an operating cash holdback to finance the continuing operations of WCLC. This holdback will not be recovered in the foreseeable future therefore a reserve has been established in the amount of \$275,000 (2016 - \$275,000) and is included in accumulated surplus as at March 31, 2017 as follows:

	<u>2017</u>	<u>2016</u>
Reserve	\$ 275,000	\$ 275,000
Operating Surplus	<u>445,374</u>	<u>413,209</u>
Accumulated Surplus	<u>\$ 720,374</u>	<u>\$ 688,209</u>

### 5. DUE FROM/TO RELATED PARTY

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.

The amount due from NWT Sport and Recreation Council are for expenses paid by NWT Lottery Authority which are billed back to the organization. During the year, the Organization received \$329,957 (2016 - \$292,044) from NWT Sport and Recreation Council relating to payroll expenses. The Organization also paid out \$4,200,000 (2016 -\$ 4,950,000) in lottery contributions to NWT Sport and Recreation Council.

The amount due to Government of Nunavut represents their share of lottery proceeds less expenses paid by NWT Lottery Authority which are billed back to the organization.

# NWT LOTTERY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 6. CONTRIBUTIONS

The NWT Lottery Authority funds have been distributed to the following organizations during the year:

NWT Sport and Recreation Council	<u>\$ 4,200,000</u>	<u>\$ 4,950,000</u>
----------------------------------	---------------------	---------------------

### 7. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

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) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$256,668 (2016 - \$49,056). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

### 8. NUNAVUT LOTTERY

By an agreement dated April 1, 2009 between Western Canada Lottery Corporation (WCLC) and the NWT Sport and Recreation Council (NWTSRC), NWTSRC was appointed to assist WCLC in the joint marketing of the Western Canada Lottery (the "Lottery") in the Territory of Nunavut. NWTSRC administers the financial accounting and reporting functions in accordance with the schedules to the agreement which detail the allocation of revenues and expenses of the Lottery in Nunavut. This agreement was updated on April 1, 2015 and expires March 31, 2020 unless terminated earlier in accordance with the Agreement or renewed by mutual parties.

# NWT LOTTERY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 9. GRANTS TO RETAILERS

Grants to retailers in aid of administration, represents grants paid to non-profit retailers based on contribution agreements, to assist with their administration costs. Future obligations are as follows:

	<u>Total</u>
2018	\$ 259,618
2019	259,618
2020	259,618
2021	<u>259,618</u>
	<u>\$ 1,038,472</u>

### 10. CONTINGENT LIABILITIES

The amount due from Western Canada Lottery Corporation (WCLC) is \$579,050. WCLC has advised that due to conversion to international financial reporting standards (IFRS), an adjustment is required to reflect equity and other comprehensive income due to the pension conversion.

A decision by WCLC as to whether or not to collect the negative equity from the provincial organizations has not been made. The NWT Lottery Authority's portion would be \$159,700 reducing the amount receivable and accumulated surplus. As a final decision has not been made by the WCLC, no adjustment has been recorded in these statements.



# NWT LOTTERY AUTHORITY

## SCHEDULE TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

### SCHEDULE OF LOTTERY REVENUE, NET

**Schedule 1**

	2017 Budget Unaudited	2017 Actual	2016 Actual
	<u>          </u>	<u>          </u>	<u>          </u>
<b>SALES</b>			
Lottery ticket sales	\$ 17,500,000	\$ 18,609,700	\$ 19,529,499
Interest and other income	30,363	26,734	24,513
	<u>17,530,363</u>	<u>18,636,434</u>	<u>19,554,012</u>
<b>DIRECT EXPENSES</b>			
Free tickets	773,692	1,004,919	1,175,379
Prizes	9,056,877	9,537,361	9,975,724
Retailer commissions	971,299	1,023,045	1,064,123
Ticket printing	229,540	264,341	246,845
	<u>11,031,408</u>	<u>11,829,666</u>	<u>12,462,071</u>
<b>OPERATING INCOME</b>	<u>6,498,955</u>	<u>6,806,768</u>	<u>7,091,941</u>
<b>EXPENSES</b>			
Amortization	98,530	78,908	69,106
Communications	162,622	164,901	160,956
Cost of premises	20,530	24,643	22,986
Draws and winning numbers publication	4,687	3,448	4,349
Employee development	3,924	4,870	4,181
Equipment	39,609	43,737	33,854
Freight and product transport	3,038	3,148	3,017
Goods and services tax	76,397	89,815	89,703
I. L. C. expense	14,037	12,073	11,640
Insurance and bank charges	1,721	1,772	1,717
Media & advertising	137,503	145,664	144,092
Overhead allocation	(243)	(227)	(292)
Payment to Government of Canada	159,688	181,049	167,410
Presentations, publications and miscellaneous	4,090	3,972	3,696
Professional fees	46,433	54,681	49,354
Promotion	5,912	7,719	10,804
Supplies	2,154	2,066	2,197
Travel	2,697	2,295	1,906
Wages and benefits	223,552	283,804	242,506
	<u>1,006,881</u>	<u>1,108,338</u>	<u>1,023,182</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 5,492,074</u>	<u>\$ 5,698,430</u>	<u>\$ 6,068,759</u>

**N.W.T. SPORT AND RECREATION COUNCIL**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



General Manager,  
NWT Sport and Recreation Council

July 4, 2017



**AVERY COOPER & CO. LTD.**

Chartered Professional Accountants

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

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Facsimile: (867) 873-2353  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of N.W.T. Sport and Recreation Council, which comprise the Statement of Financial Position as at March 31, 2017, 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.

### *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 N.W.T. Sport and Recreation Council as at March 31, 2017, 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 & Co. Ltd.*

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

July 4, 2017



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

**N.W.T. SPORT AND RECREATION COUNCIL**

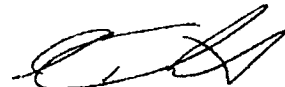
**STATEMENT OF FINANCIAL POSITION  
March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 1,204,428	\$ 1,408,264
Short-Term Investments (Note 5)	29,632	29,484
Accounts Receivable	100	100
Government remittances receivable	10,803	11,928
	<u>1,244,963</u>	<u>1,449,776</u>
 <b>LIABILITIES</b>		
Line of Credit (Note 8)	-	95,000
Accounts Payable & Accrued Liabilities	9,664	434,103
Wages & Benefits Payable	397,985	165,940
Due to related party (Note 6)	5,755	70,325
	<u>413,404</u>	<u>765,368</u>
 <b>NET FINANCIAL ASSETS</b>	<u>831,559</u>	<u>684,408</u>
 <b>NON-FINANCIAL ASSETS</b>		
Prepaid Expenses	-	10,577
Tangible Capital Assets (Note 7)	3,361	5,485
	<u>3,361</u>	<u>16,062</u>
 <b>SUBSEQUENT EVENTS (Note 10)</b>		
 <b>ACCUMULATED SURPLUS</b>	<u>\$ 834,920</u>	<u>\$ 700,470</u>

Approved:



Member



Member

**N.W.T. SPORT AND RECREATION COUNCIL**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
For the Year Ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	\$ 134,450	\$ (659,171)
Acquisition of Tangible Capital Assets	-	(1,512)
Amortization of Tangible Capital Assets	2,123	3,540
Change in Prepaid Expenses	<u>10,577</u>	<u>(7,421)</u>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	147,150	(664,564)
<b>NET FINANCIAL ASSETS, opening</b>	<u>684,408</u>	<u>1,348,972</u>
<b>NET FINANCIAL ASSETS, closing</b>	<u><u>\$ 831,558</u></u>	<u><u>\$ 684,408</u></u>

See the accompanying notes and schedules.

# N.W.T. SPORT AND RECREATION COUNCIL

## STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
<b>REVENUES</b>			
Administration - Schedule 1	\$ 624,713	\$ 580,243	\$ 723,363
Governance - Schedule 2	6,150	-	3,808
Investment and Evaluation - Schedule 3	3,450,137	3,615,136	4,230,204
Multi Sport Games - Schedule 4	650,000	660,439	650,091
	<u>4,731,000</u>	<u>4,855,818</u>	<u>5,607,466</u>
<b>EXPENSES</b>			
Administration - Schedule 1	624,713	580,243	723,363
Governance - Schedule 2	6,150	-	3,808
Investment and Evaluation - Schedule 3	4,596,855	3,713,130	4,240,262
Multi Sport Games - Schedule 4	480,000	427,995	1,299,204
	<u>5,707,718</u>	<u>4,721,368</u>	<u>6,266,637</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ (976,718)</u>	<u>\$ 134,450</u>	<u>\$ (659,171)</u>



**N.W.T. SPORT AND RECREATION COUNCIL**

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS  
For the Year Ended March 31, 2017**

	<u>Unrestricted Surplus</u>	<u>Building Reserve</u>	<u>Games Reserve</u>	<u>Program Reserve</u>	<u>Total 2017</u>
<b><u>For the Year Ended March 31, 2017</u></b>					
<b>ACCUMULATED SURPLUS, opening</b>	\$ 234,973	\$ 255,000	\$ -	\$ 210,497	\$ 700,470
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	134,450	-	-	-	134,450
<b>TRANSFER TO RESERVES</b>	(4,274,395)	-	660,439	3,613,956	-
<b>TRANSFER FROM RESERVES</b>	4,141,124	-	(427,994)	(3,713,130)	-
<b>OTHER TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>(232,445)</u>	<u>232,445</u>	<u>-</u>
<b>ACCUMULATED SURPLUS, closing</b>	<u>\$ 236,152</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 343,768</u>	<u>\$ 834,920</u>
<b><u>For the Year Ended March 31, 2016</u></b>					
<b>ACCUMULATED SURPLUS, opening</b>	\$ 234,975	\$ 255,000	\$ 211,133	\$ 658,533	\$ 1,359,641
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(659,171)	-	-	-	(659,171)
<b>TRANSFER TO RESERVES</b>	(4,880,295)	-	650,091	4,230,204	-
<b>TRANSFER FROM RESERVES</b>	5,539,464	-	(1,299,204)	(4,240,260)	-
<b>OTHER TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>437,980</u>	<u>(437,980)</u>	<u>-</u>
<b>ACCUMULATED SURPLUS, closing</b>	<u>\$ 234,973</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 210,497</u>	<u>\$ 700,470</u>

See the accompanying notes and schedules.

# N.W.T. SPORT AND RECREATION COUNCIL

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions and other	\$ 4,856,943	\$ 5,949,285
Cash paid to grant recipients and other	(4,337,793)	(5,381,509)
Cash paid for salaries	(563,268)	(448,140)
	<u>(44,118)</u>	<u>119,636</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment from (to) related party	(70,325)	-
Due to related parties	5,755	3,081
Line of credit (repayment) advance	(95,000)	95,000
	<u>(159,570)</u>	<u>98,081</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets	-	(1,513)
<b>(DECREASE) INCREASE IN CASH</b>	(203,688)	216,204
<b>CASH, opening</b>	<u>1,437,748</u>	<u>1,221,544</u>
<b>CASH, closing</b>	<u><u>\$ 1,234,060</u></u>	<u><u>\$ 1,437,748</u></u>
<b>REPRESENTED BY:</b>		
Cash	\$ 455,435	\$ 664,858
Restricted cash	748,993	743,406
Short term investment	29,632	29,484
	<u><u>\$ 1,234,060</u></u>	<u><u>\$ 1,437,748</u></u>

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 1. NATURE OF OPERATIONS

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

The SRC was incorporated as a Society in accordance with the Societies Act under the statutes of the Northwest Territories on March 10, 2005. The SRC is a "Related Entity" to the Government of the NWT and is exempt from income taxes pursuant to Subsection 149(1)(l) of the Income Tax Act (Canada).

### 2. FUTURE CHANGES IN ACCOUNTING POLICIES

#### (a) Inter-entity transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 3420, "Inter-entity transactions". This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of the new Section are:

- under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- transactions are measured at their carrying amount, except in special circumstances;
- a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice, and
- the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Sport and Recreation Council is currently assessing the impact of this Section.

#### (b) Assets

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Sport and Recreation Council is currently assessing the impact of this Section.

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### (c) Related party disclosures

In March 2015, the PSAB issued Section PS 2200, "Related party disclosures". This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material effect on the financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Sport and Recreation Council is currently assessing the impact of this Section.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Financial instruments

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

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and mortgages payable.

#### (b) Capital management

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

#### (c) Cash equivalents

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

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Tangible capital assets

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

Equipment	30%
Computer equipment	40%
Computer software	50%

#### (e) Revenue recognition

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned.

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

#### (f) Financial assets

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

#### (g) Non-financial assets

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

#### (h) Net debt

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

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of property, plant and equipment. Actual results may differ from management's best estimates as additional information becomes available in the future.

### 4. CASH

	2017	2016
Cash in bank	\$ 455,435	\$ 664,858
RBC Dominion Securities mutual funds	748,993	743,406
	\$ 1,204,428	\$ 1,408,264

Cash, in the amount of \$748,993, is restricted for use in the establishment of the reserve funds as outlined in Note 9. At March 31, 2017 restricted cash exceeded reserves by \$149,045.

### 5. SHORT TERM INVESTMENT

The Council has invested in Cashable GIC's issued by the Royal Bank of Canada with interest rate of .5% and a maturity date of July 27, 2017. The Council does not anticipate redemption of the investments within the next year.

	2017	2016
RBC Cashable GIC	\$ 29,632	\$ 29,484

### 6. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 10,926	\$ 10,103	\$ 823	\$ 1,175
Computer equipment	28,032	25,738	2,294	3,823
Computer software	18,408	18,164	244	487
	\$ 57,366	\$ 54,005	\$ 3,361	\$ 5,485

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 7. WAGES AND BENEFITS PAYABLE

Wages and benefits payable consists of a wage severance liability for all staff.

### 8. DUE TO RELATED PARTIES

(a) During the year, the Organization entered into transactions with the following related parties:

NWT Lottery Authority  
Nunavut Lottery  
MACA

(b) Transactions

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

	<u>2017</u>	<u>2016</u>
Revenue		
MACA - Games funding	\$ 650,000	\$ 650,000
NWT Lottery Authority - Program funding	3,624,311	4,229,357
NWT Lottery Authority - SRC funding	<u>575,689</u>	<u>720,643</u>
	<u>\$ 4,850,000</u>	<u>\$ 5,600,000</u>
Expenses - NWT Lottery Authority - payroll	<u>\$ 329,957</u>	<u>\$ 292,044</u>

(c) Due to related party

	<u>2017</u>	<u>2016</u>
NWT Lottery Authority	<u>\$ 5,755</u>	<u>\$ 70,325</u>

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

### 9. LINE OF CREDIT

In December 2015, a line of credit was authorized by the Board of Directors to a maximum of \$600,000 and bears interest at bank's prime lending rate plus 0.60% per annum and is secured by a borrowing resolution signed by the Board of Directors. Balance was nil as at March 31, 2017.

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 10. RESERVES

	Opening Balance	Additions	Expenses	Transfer	2017
Program reserve\$	210,497	\$ 3,613,956	\$ (3,713,130)	\$ 232,445	\$ 343,768
Building reserve	255,000	-	-	-	255,000
Games reserve	-	650,083	(417,638)	(232,445)	-
	<u>\$ 465,497</u>	<u>\$ 4,264,039</u>	<u>\$ (4,130,768)</u>	<u>\$ -</u>	<u>\$ 598,768</u>

### GAMES RESERVE FUNDING

The games reserve is established by the SRC to support approved multi-sport games. The games reserve was decreased in the current year as follows:

	2017
GNWT MACA Contribution	\$ 650,000
Interest	83
	<u>650,083</u>
Canada Summer Games 2017	50,000
North American Indigenous Games 2017	180,000
Arctic Winter Games 2016	280,000
Arctic Winter Games 2016 refund	(93,625)
Bank charges	1,263
Transfer to Program reserve	232,445
	<u>650,083</u>
	<u>\$ -</u>



# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 10. RESERVES, continued

#### BUILDING RESERVE FUNDING

The Council is responsible for the distribution of net lottery proceeds which includes the development of a policy on the operation of a building reserve for capital improvements to the administration building owned by Lex Borealis Ltd. Lex Borealis Ltd. is a 100% owned subsidiary of Sport North Federation, a funding recipient of the Council. This policy must include an annual minimum percentage allocation from the net proceeds of the Lottery, a maximum reserve balance of 100% of the assessed value of the building (\$600,000), allocation of 50% of the excess proceeds of the Lottery in excess of the approved allocations and a definition of capital improvements to delineate which items qualify for payment from the reserve. No changes to Building reserve in the current year.

#### PROGRAM RESERVE FUNDING

The program reserve is established by the SRC to be directed toward programs impacting strategic priorities. 30% of the surplus funds shall be allocated to this reserve in any given year. The maximum reserve balance is 10% of net proceeds of the lottery program in any given year. The program reserve received \$3,624,312 from Lottery revenue in the current year end and expended \$3,713,130 to partners during the year. During the year, \$222,089 was transferred from the Games reserve to the Program reserve.

### 11. SUBSEQUENT EVENTS

NWT Sport and Recreation Council will cease to operate once the NWT Lottery Authority is rolled into the Government of the Northwest Territories. The current date for this to occur is April 1, 2017.

### 12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

### 13. LOTTERY FUNDING

NWT Sport and Recreation Council received the following amounts from the NWT Lottery Authority during the year:

	<u>2017</u>	<u>2016</u>
Funds transferred from NWT Lottery Authority	<u>\$ 4,200,000</u>	<u>\$ 4,950,000</u>

# **N.W.T. SPORT AND RECREATION COUNCIL**

## **NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

### **14. LOTTERY AUTHORITY**

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

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

### ADMINISTRATION

### Schedule 1

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
<b>REVENUE</b>			
Lottery contribution	\$ 618,713	\$ 574,509	\$ 715,988
Interest revenue	6,000	5,734	6,562
Miscellaneous Revenue	-	-	813
	<u>624,713</u>	<u>580,243</u>	<u>723,363</u>
<b>EXPENSES</b>			
Audit and accounting fees	8,500	11,147	12,149
Amortization	2,750	2,125	3,540
Bank charges	400	99	370
Catering	1,000	-	828
Communications	5,000	908	5,250
Contracts/fees	-	-	106
Contributions	269,200	-	248,931
Course registration/Professional development	-	-	359
Insurance	3,000	2,695	2,333
Supplies	-	-	1,357
Wages and benefits	334,863	563,269	448,140
	<u>624,713</u>	<u>580,243</u>	<u>723,363</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

### GOVERNANCE

### Schedule 2

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
<b>REVENUE</b>			
Lottery contribution	\$ 6,150	\$ -	\$ 3,808
<b>EXPENSES</b>			
Catering	1,000	-	876
Communications	150	-	122
Travel	5,000	-	2,810
	<u>6,150</u>	<u>-</u>	<u>3,808</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

### INVESTMENT AND EVALUATION

Schedule 3

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
<b>REVENUE</b>			
Lottery contribution	\$ 3,450,137	\$ 3,615,136	\$ 4,230,204
<b>EXPENSES</b>			
Aboriginal Sport Circle of the NWT	954,002	763,190	954,002
Beaufort Delta Sahtu Recreation	325,980	260,784	325,980
Mackenzie Recreation Association	304,686	243,748	304,686
NWT Recreation and Parks Association	872,630	698,104	872,630
Sport North Federation	2,139,557	1,747,304	1,782,964
	<u>4,596,855</u>	<u>3,713,130</u>	<u>4,240,262</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (1,146,718)</u>	<u>\$ (97,994)</u>	<u>\$ (10,058)</u>

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

### MULTI SPORT GAMES

Schedule 4

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
<b>REVENUE</b>			
MACA Contribution	\$ 650,000	\$ 650,000	\$ 650,000
Lottery Contribution	-	10,356	-
Interest Revenue	-	83	91
	<u>650,000</u>	<u>660,439</u>	<u>650,091</u>
<b>EXPENSES</b>			
Bank Charges	-	1,263	311
Contribution to Sport North Federation	480,000	246,731	1,298,893
Contributions to Aboriginal Sport Circle	-	180,000	-
	<u>480,000</u>	<u>427,994</u>	<u>1,299,204</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 170,000</u>	<u>\$ 232,445</u>	<u>\$ (649,113)</u>

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

### SCHEDULE OF OPERATIONS BY OBJECT

Schedule 5

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Lottery Revenue	\$ (4,075,000)	\$ (4,200,000)	\$ (4,950,000)
MACA Revenue	(650,000)	(650,000)	(650,000)
Interest Revenue	(6,000)	(5,818)	(6,653)
Miscellaneous Revenue	-	-	(813)
Audit and accounting fees	8,500	11,146	12,149
Amortization	2,750	2,125	3,540
Bank charges	400	1,362	681
Catering	2,000	-	1,704
Communications	5,150	908	5,373
Contracts/fees	-	-	106
Contribution to games	480,000	246,731	1,298,893
Contribution to partners	4,866,055	3,893,130	4,489,192
Course registration	-	-	359
Insurance	3,000	2,695	2,333
Membership fees	-	-	1,241
Supplies	-	-	116
Travel	5,000	-	2,810
Wages	334,863	563,269	448,140
	<u>\$ 976,718</u>	<u>\$ (134,450)</u>	<u>\$ 659,171</u>

**NORTHWEST TERRITORIES  
SURFACE RIGHTS BOARD**

**AUDITED FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**Management's Responsibility for Financial Reporting**

**Independent Auditor's Report**

**Statement of Financial Position**

**Statement of Revenue, Expenditures and Accumulated Surplus**

**Statement of Cash Flows**

**Notes to the Financial Statements**





## **Management's Responsibility for Financial Reporting**

May 15, 2017

To the Members of the Board  
**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
Yellowknife, N.W.T.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

The Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Board acts in accordance with the laws of the Northwest Territories and Canada. 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 external auditor annually provides an independent, objective audit for the purposes of expressing an opinion on the financial statements. He also considers whether transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

A handwritten signature in cursive script that reads "J. Edmondson".

J. Edmondson, Board Coordinator,  
**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**

Robert  
Stewart

Chartered  
Accountant/  
Management  
Consultants

Box 2196  
Yellowknife, N.W.T. X1A 2P6  
Tel (867) 873-5595  
Fax (309) 407-6576  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD  
Yellowknife, N.W.T.

We have audited the accompanying financial statements of NORTHWEST TERRITORIES SURFACE RIGHTS BOARD, which comprise the statement of financial position as at March 31, 2017, and the statements of revenue, expenditures and accumulated surplus, and cash flow 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 Generally Accepted Accounting Principles 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.

### ***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 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 NORTHWEST TERRITORIES SURFACE RIGHTS BOARD as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



CHARTERED ACCOUNTANT

May 15, 2017  
Yellowknife, N.W.T

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
<b>Current</b>		
Cash	\$ 80,050	\$ 168,366
Accounts receivable (Note 2)	29,592	3,703
Prepaid expenses	1,350	-
	<hr/> 110,992	<hr/> 172,069
<b>Capital assets (Notes 1b and 3)</b>	-	-
	<hr/> \$ 110,992	<hr/> \$ 172,069

LIABILITIES

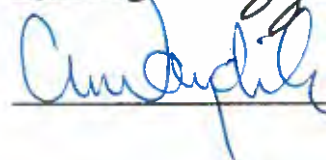
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 44,132	\$ 58,480
Deferred revenue (Note 4)	66,860	113,589
	<hr/> 110,992	<hr/> 172,069

EQUITY

Accumulated surplus	-	-
Investment in capital assets (Note 1b)	-	-
	<hr/> -	<hr/> -
	<hr/> \$ 110,992	<hr/> \$ 172,069

APPROVED ON BEHALF OF THE BOARD:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**

**STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES**

**FOR THE PERIOD ENDED MARCH 31, 2017**

	<u>Budget</u> (Note 1h)	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u> (Note 1h)
<b>REVENUE</b>			
Government of NWT Contributions	\$ 406,889	\$ 293,900	\$ 289,300
Interest revenue	-	250	-
Other revenue	-	1,023	-
Transfer from (to) deferred revenue	-	46,729	(113,589)
	<u>406,889</u>	<u>341,902</u>	<u>175,711</u>
<b>OPERATING EXPENSES</b>			
Professional fees	131,400	138,107	51,859
Honoraria	63,700	63,866	52,400
Board travel and other costs	53,089	46,354	25,905
Wages and benefits	54,000	38,118	17,628
Information technology and computer costs	52,200	25,696	13,266
Rent	17,500	16,007	4,231
Advertising and external communication	-	4,190	6,652
Office and other supplies	34,500	3,968	544
Telephone, fax and internet	500	3,120	2,032
Staff travel	-	1,540	-
Bank charges and interest	-	486	1,194
Insurance	-	450	-
	<u>406,889</u>	<u>341,902</u>	<u>175,711</u>
<b>EXCESS REVENUE (EXPENDITURES) FOR THE PERIOD</b>	-	-	-
<b>ACCUMULATED SURPLUS, BEGINNING OF PERIOD</b>	-	-	-
<b>ACCUMULATED SURPLUS, END OF PERIOD</b>	\$ -	\$ -	\$ -

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u> (Note 1h)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess revenue (expenditures) for the period	\$ -	\$ -
<b>Net change in non-cash working capital balances:</b>		
Operating resources provided by (used in):		
Decrease (increase) in accounts receivable	( 25,889)	( 3,703)
Decrease (increase) in prepaid expenses	( 1,350)	-
Increase (decrease) in accounts payable	( 14,348)	58,480
Increase (decrease) in deferred revenue	( 46,729)	113,589
	<b>( 88,316)</b>	<b>168,366</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>168,366</b>	<b>168,366</b>
Cash and equivalents at beginning of period	168,366	-
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 80,050</b>	<b>\$ 168,366</b>
 Comprised of:		
Cash in bank	\$ 55,050	\$ 143,366
GIC	25,000	25,000
	<b>\$ 80,050</b>	<b>\$ 168,366</b>

# NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD (THE "Board") was created upon the enactment of the Surface Rights Board (Northwest Territories) by the fifth session of the seventeenth Legislative Assembly of the Northwest Territories, commencing April 2016. The objective of the Board is to fairly and equitably resolve disputes regarding access to lands in the Northwest Territories and waters overlying those lands in the Mackenzie Valley. The Board's objectives are based on the plan developed by the Government of the Northwest Territories Department of Lands. The Board's activities are in accordance with the requirements of the Northwest Territories Surface Rights Board Act (Canada), in accordance with the requirements of the Northwest Territories Land and Resource Devolution Agreement. The Board is exempt from income taxes under Section 149 of the Income Tax Act.

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

#### a) 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.

#### b) Capital assets

Capital assets, when purchased, are recorded in the Capital Fund at cost minus accumulated amortization, and offset by the Investment in Capital Assets and any related debt. Amortization is provided to reduce the Investment in Capital Assets over the expected useful lives of the particular assets. Amortization is recorded using the diminishing balance method. At March 31, 2017, the Board had not acquired any capital assets.

#### d) Revenue and Expenditure Recognition

##### **Government Contracts and Contribution Agreements:**

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

#### e) Fund accounting

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

# NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### f) 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.

#### Risk Management

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

#### Interest Rate Risk

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

#### Liquidity Risks

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

#### 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.

#### g) Going Concern

Financial Statements, under Canadian generally accepted accounting standards, are prepared on the assumption that the entity is a going concern, meaning that it will continue in operations for the foreseeable future and that it will be able to realize assets and discharge liabilities in the normal course of its operations.

#### h) Budget and Actual

Budget figures are for twelve months, unaudited and are those approved by the Board.

Actual 2015/16 figures are for 8 months since the commencement of operations in August 2015.

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED MARCH 31, 2017**

<b>NOTE 2</b>	<b>ACCOUNTS RECEIVABLE</b>	<b>2017</b>	<b>2016</b>
	Goods & services tax recoverable	\$ -	\$ 3,703
	GNWT Department of Lands	29,592	-
	Less: allowance for doubtful accounts	-	-
		<b>\$ 29,592</b>	<b>\$ 3,703</b>

**NOTE 3**      **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.

	<u>2017</u>	<u>2016</u>
Balance, beginning of period	\$ 113,589	\$ -
Transfer to (from) deferred revenue for the period included in Statement of Operating Fund Revenue and Expenditures	( 46,860)	113,589
<b>Balance, end of period</b>	<b>\$ 66,860</b>	<b>\$ 113,589</b>
<b>Comprised of:</b>		
Deferred revenue for processing applications	\$ 50,000	\$ -
Deferred revenue, general	16,860	113,589
	<b>\$ 66,860</b>	<b>\$ 113,589</b>

**NOTE 4**      **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.



**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED MARCH 31, 2017**

**NOTE 5      CONTINGENT LIABILITIES**

The Board has determined that there have been no events that confirm that an asset has been impaired or liability incurred as at the financial statement date.

The continued operations of the Board is dependent upon the Board securing financing by maintaining a volume of contribution funding. The Board has entered into a long term funding agreement with the Government of the Northwest Territories ending on March 31, 2020.

**NOTE 6      COMMITMENTS**

Effective May 1, 2016, the Board has entered into an obligation under a 2 year lease for office space. Annual minimum payments under for rent are \$13,103.

**NOTE 7      SUBSEQUENT EVENTS**

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

**Status of Women Council  
of the Northwest Territories  
Yellowknife, NT**

**Financial Statements  
March 31, 2017**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

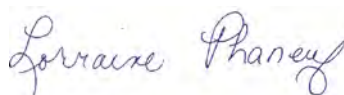
The accompanying financial statements of the Status of Women Council of the Northwest Territories are the responsibility of the management and have been approved by the directors.

The financial statements have been prepared by the management in accordance with generally accepted accounting principles for the public sector 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.

The Council maintains systems in internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Council's assets are appropriately accounted for and adequately safeguarded.

The directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements. The directors carry out this responsibility principally through review of the annual budgets, comparison of actual results to budgets on a periodic basis, approval of the financial statements, and engagement of the external auditor.

The auditor annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with generally accepted auditing standards.



Lorraine Phaneuf  
Executive Director

Yellowknife, Northwest Territories  
July 4, 2017

## Independent Auditor's Report

To the Directors of the Status of Women Council of the Northwest Territories

I have audited the financial statements of The Status of Women Council of the Northwest Territories, which comprise the statement of financial position as at March 31 2017, and the statements of operations, changes in net financial assets, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

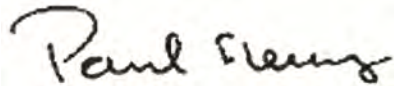
### Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Status of Women Council of the Northwest Territories as at March 31, 2017, and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

As required by the Financial Administration Act of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied.

Further in my opinion, proper books of account have been kept by the Status of Women Council of the Northwest Territories and the financial statements are in agreement therewith. In addition, the transactions of the Status of Women Council of the Northwest Territories that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with Part 1X of the Financial Administration Act of the Northwest Territories and regulations; the Status of Women Council Act (Act) and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or the Act.

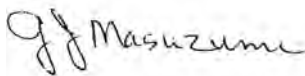
A handwritten signature in black ink that reads "Paul Fleury". The signature is written in a cursive, flowing style.

Paul Fleury, CGA  
Yellowknife, NWT  
July 4, 2017

**Status of Women Council of the Northwest Territories**  
**Statement of Financial Position**  
**As at March 31,**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 2b & 3)	125,037	128,465
Accounts receivable (Note 4)	9,114	39,600
Prepaid Expense	981	-
	<u>135,132</u>	<u>168,065</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses ( Note 5)	17,113	36,785
Vacation payable	16,459	16,004
Employee deductions payable	2,018	8,518
Benefits Fund (Note 6)	38,402	38,367
Contingency Fund (Note 7)	42,930	42,891
	<u>116,922</u>	<u>142,565</u>
<b>Net Financial assets</b>	18,210	25,500
Non-Financial assets		
Tangible capital assets-Council (Note 8)	2,913	3,913
-Projects (Note 8)	386	552
	<u>3,299</u>	<u>4,465</u>
<b>Accumulated Surplus (Note 9)</b>	<b><u>21,509</u></b>	<b><u>29,965</u></b>

Approved on behalf of the Board



\_\_\_\_\_  
 President



\_\_\_\_\_  
 Vice President

The accompanying notes and supplementary schedules are an integral part of the financial statements

Contingencies (Note 11)

Commitments (Note 13)

**Status of Women Council of the Northwest Territories**

**Statement of Operations**

**Year ended March 31,**

	<b>Budget (Unaudited)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
	\$	\$	\$
<b>REVENUE</b>			
Contributions			
Government of the NWT	394,000	498,600	490,200
Government of Canada	-	86,800	11,274
Deferred revenue	-	-	2,000
Other Revenue			
Administration fees & miscellaneous		6,865	6,131
Contributed Rent	70,870	70,870	70,870
	<b>464,870</b>	<b>663,135</b>	<b>580,475</b>
<b>EXPENDITURES</b>			
Core	464,870	477,869	474,294
Donations	-	2,156	4,175
Community Response	-	-	10,500
Family Violence Week	-	46,250	44,000
Leadership	-	40,000	28,738
Victim Awareness Week	-	6,000	2,774
What Will It Take	-	-	37,200
Dignity Bags	-	22,800	-
FV Educational Series	-	42,000	-
New Horizons	-	25,000	-
NGO Stabilization Fund	-	9,350	-
	464,870	671,425	601,681
<b>EXCESS REVENUE (EXPENDITURES)</b>	-	<b>( 8,290)</b>	<b>( 21,206)</b>



The accompanying notes and supplementary schedules are an integral part of the financial statements

**Status of Women Council of the Northwest Territories**

**Statement of Change in Net Financial Assets**

<b>Year ended March 31,</b>	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Annual (deficit) surplus</b>	<b>( 8,290)</b>	<b>( 21,206)</b>
Effect of change in tangible capital assets		
<u>Amortization of tangible capital assets</u>	<u>1,000</u>	<u>981</u>
Increase (decrease) in net financial assets	( 7,290)	( 20,225)
<u>Net financial assets at beginning of year</u>	<u>25,500</u>	<u>45,725</u>
<b><u>Net financial assets at end of year</u></b>	<b><u>18,210</u></b>	<b><u>25,500</u></b>

The accompanying notes and supplementary schedules are an integral part of the financial statements

**Status of Women Council of the Northwest Territories**  
**Statement of Cash Flows**  
**Year ended March 31,**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Operating Activities		
Excess revenue/ (expenditure)	( 8,290)	( 21,206)
Interest earned	74	70
Amortization	1,000	982
	( 7,216)	( 20,154)
Accounts receivable	30,486	35,375
Prepaid expenses	( 981)	-
Payables	( 19,672)	( 9,374)
Vacation Payable	455	6,810
Employee deduction payable	( 6,500)	7,246
Deferred revenue	-	( 2,000)
Change in cash position	( 3,428)	17,903
Cash and cash equivalents, beginning of year	128,465	110,562
<b>Cash and cash equivalents, end of year</b>	<b>125,037</b>	<b>128,465</b>
Represented by		
Cash in bank	31,926	35,428
Investment in cash account	93,111	93,037
	<b>125,037</b>	<b>128,465</b>

The accompanying notes and supplementary schedules are an integral part of the financial statements

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**Status of Women Council of the Northwest Territories**  
**Notes to Financial Statements**  
**March 31, 2017**

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**1. Authority and Mandate**

The Council was established by the consolidation of *Status of Women Council Act*, S.N.W.T. 1990(1).c.6. that was proclaimed in force on April 4, 1990 by SJ-006-90 by the Government of the Northwest Territories.

The objectives of the Council are:

- a) to develop public awareness of issues affecting the status of women;
- b) to promote a change in attitudes within the community in order that women may enjoy equality;
- c) to encourage discussion and expression of opinion by residents of the Northwest Territories on issues affecting the status of women;
- d) to advise the Minister on issues that the Minister may refer to the council for consideration;
- e) to review policies and legislation affecting women and to report its findings to the relevant government departments or agencies;
- f) to provide assistance to the Minister in promoting changes to ensure the attainment of equality of women; and
- g) to provide the appropriate assistance to organizations and groups whose objectives promote the equality of women.

The Council may:

- a) receive and hear submissions and suggestions from individuals and groups concerning the status of women;
- b) research matters relating to the status of women;
- c) suggest research areas in relation to matters relating to the status of women that may be studied by any interested persons;
- d) recommend and participate in programs concerning the status of women;
- e) recommend legislation, policies and practices to improve the equality of opportunity for women and to improve the status of women;
- f) publish any reports, studies or recommendations that the Council considers advisable;
- g) present reports to the Minister to be laid before the Legislative Assembly;
- h) contract and be contracted in the name of the Council; and
- i) make bylaws to regulate the affairs of the Council.

**Status of Women Council of the Northwest Territories**  
**Notes to Financial Statements**  
**March 31, 2017**

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**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 Canadian Institute of Chartered Accountants. The significant accounting policies are detailed as follows:

**a) Fund accounting**

The Council follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization’s program delivery and administrative activities. This fund reports unrestrictive resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Council’s capital assets.

**b) Cash and cash equivalents**

Cash equivalents are comprised of highly liquid deposits that are readily convertible to cash.

**c) 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 accounts receivable, accounts payable and accrued liabilities. 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.

**d) Capital assets**

Capital assets are recorded at cost. Capital assets are amortized following the declining balance method at the following annual rates.

Equipment	20%
Computers	30%

**Status of Women Council of the Northwest Territories**  
**Notes to Financial Statements**  
**March 31, 2017**

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

**e) Measurement uncertainty**

The preparation of financial statements in accordance with PSAS requires the Status of Women Council of the Northwest Territories 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. At the time of preparation of these statements, the Council believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to amortization, non-monetary transactions, and revenue accruals.

**f) Employee future benefits**

Employees are entitled to severance benefits, as provided 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 costs of severance benefits are recorded as expenses in the year paid.

**g) Revenue recognition**

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

**h) Contributed services.**

Any time contribute by volunteers to assist the Council in carrying out its service delivery activity are not recognized in the financial statements because of the difficulty in determining their fair value.

**i) Government contributions-services received without charge.**

The Government of the Northwest Territories provided the Council with office premises. The estimated value of these rental premises are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the Council's operations in the financial statements.

**Status of Women Council of the Northwest Territories**  
**Notes to Financial Statements**  
**March 31, 2017**

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

**j) Contract services**

Contract services acquired by the Council are recognized as expenses in the year the services are rendered.

**k) Allocation of expenditures**

The Council allocates expenditures 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. Office administrative costs are allocated based on the percentage of staff time required to fulfill that contribution agreement.

**l) Funds and reserves**

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

**m) Income taxes**

The Council is exempt from income taxes under section 149(1) (e) of the Income Tax Act.

**Status of Women Council of the Northwest Territories**  
**Notes to Financial Statements**  
**March 31, 2017**

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**3. Cash and Cash Equivalents**

Cash balances are made up as follows:	<u>2017</u>	<u>2016</u>
	\$	\$
Cash	31,926	35,428
Investment Cash Account	93,111	93,037
	<hr/>	
Total cash and cash equivalents	125,037	128,465

**4. Accounts Receivable**

	<u>2017</u>	<u>2016</u>
	\$	\$
Department of Justice Canada	4,200	39,600
RCMP	3,800	-
PSAC	300	-
GNWT	510	-
Reimbursement	304	-
	<hr/>	
Total accounts receivables	9,114	39,600

**5. Accounts Payable**

	2017	2016
	\$	\$
Suppliers	188	21,650
Wages Payable	5,925	4,635
Accrued Audit Fees	11,000	10,500
	<hr/>	
Total accounts payable	17,113	36,785

**6. Benefits Fund**

The Council, under its amended contribution agreement, is allowed to create a Maternity and Parental Leave Benefit Fund, using 100% of its annual unexpended core contribution to a maximum of \$ 40,000.00.

Information about the fund is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Benefits Fund, beginning of year	38,367	38,334
Interest earned	35	33
	<hr/>	
Benefits Fund, end of year	38,402	38,367

**Status of Women Council of the Northwest Territories**  
**Notes to Financial Statements**  
**March 31, 2017**

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**7. Contingency Fund**

The Council created a contingency fund to protect against funding cutbacks.

Information about the fund is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Contingency Fund, beginning of year	42,891	42,854
Interest earned	39	37
<hr/>		
Contingency Fund, end of year	42,930	42,891

**8. Tangible Capital Assets**

Council assets

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2017	2016
Furniture	4,870	3,479	1,391	1,739
Projector	1,125	1,060	65	92
Computer	30,517	29,060	1,457	2,082
Total Council assets	36,512	33,599	2,913	3,913

Project assets

Computers	13,664	13,278	386	552
Total assets	50,176	46,877	3,299	4,465

**9. Accumulated Surplus**

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance, opening April 1,	29,965	49,613
Operating surplus (deficit)	( 8,290)	(21,207)
Tangible capital asset addition	-	1,795
Amortization tangible capital assets-projects	( 166)	( 236)
<hr/>		
Balance, closing March 31,	21,509	29,965

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**Status of Women Council of the Northwest Territories**  
**Notes to the Financial Statements**  
**March 31, 2017**

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**10. Financial Instruments**

The Council uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest risk, liquidity risk, and market risk.

The Council does not use any derivative financial instruments to mitigate these risks.

**Credit Risk**

Credit risks arise from three sources: cash and cash equivalents, investment in interest bearing securities and accounts receivable. Cash and cash equivalents are deposited with reputable major financial institutions to limit the credit risk exposure. Investment in interest bearing securities are with high-credit quality financial institutions. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

**Interest Rate Risk**

The Council is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows relating to interest income and expense.

**Liquidity Risk**

Liquidity risk exposure is dependent on the receipts of funds from the Government of The Northwest Territories and other sources to enable the Council to pay its liabilities as they become due. History has shown that funding from the Government of The Northwest Territories and other funders to be consistent. Nevertheless, Council has established a reserve to protect against funding cut-backs.

**Market Risk**

The Council is not exposed to market risk as it has no investment in publicly traded companies.

**11. Contingent Liabilities**

Management is not aware of any contingent liabilities outstanding against the Status of Women Council

**Status of Women Council of the Northwest Territories**  
**Notes to the Financial Statements**  
**March 31, 2017**

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**12. Related Parties**

The Council receives contributions from the Government of The Northwest Territories and services provided without or with charge.

	2017	2016
	\$	\$
Operating contributions received	394,000	394,000
Other project contributions	104,600	96,200
<u>Operating premises received without charge</u>	<u>70,870</u>	<u>70,870</u>
	<u>569,470</u>	<u>561,070</u>
<u>Mail support services received with charge</u>	<u>9,141</u>	<u>7,010</u>

**13. Commitments**

The Council is committed to office equipment leases of \$ 2,379.86 per quarter with the following remaining payments:

	2018	2019	2020	2021	\$
	9,519	9,519	9,519	4,761	
					<u>33,318</u>

**14. Comparative Figures**

Certain prior year figures have been reclassified for comparative purposes to conform to current year figures.

**15. Budget**

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

**16. Going Concern**

The Council is dependent on government funding for continued operation.

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**Status of Women Council of the Northwest Territories**  
**Notes to the Financial Statements**  
**March 31, 2017**

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**17 Expenses by Object**

The following is a summary of expenses by object.

Year ended March 31,	2017	2016
	\$	\$
Wages and benefits	310,846	306,594
Professional development, staff	2,825	1,680
Contracted Services	9,424	4,565
Honoraria	13,300	7,375
Office supplies & photocopies	6,303	7,562
Supplies and workshops	42,380	30,988
Travel	68,681	62,060
Food service special events	15,278	4,444
Facility rental	5,655	15,768
Contributed rent	70,870	70,870
Bank charges	1,325	1,167
Audit, Legal and accounting	11,000	10,600
Advertising	17,406	23,502
Meetings and conferences	6,969	3,050
Dues & fees	2,325	3,367
Telephone, fax, internet & website	9,007	6,297
Postage & courier	9,141	7,010
Design & printing	35,795	8,705
Project management	25,330	20,000
Amortization	1,000	981
Administration fees	6,565	5,096
	<b>671,425</b>	<b>601,681</b>

# **FUR MARKETING SERVICE REVOLVING FUND**

**FOR THE YEAR ENDED MARCH 31, 2017**

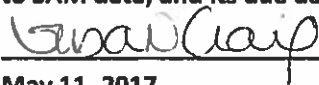
**Fur Marketing Service Revolving Fund**

**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 )

	2016/17 Actuals	2016/17 Revised Estimates	2016/17 Main Estimates	2015/16 Actuals
Authorized Limit	1,500	1,500	1,500	1,500
Opening Accounts Receivable	536	408	408	357
Advances to Trappers	694	1,000	1,000	795
Repayment of Fur Account Loans	(511)	(950)	(950)	(615)
Closing Accounts Receivable	719	458	458	536
Cash	(1,881)			(1,560)
Other Asset Accounts	2			2
Liability Accounts	(27)			(136)
Clearing Accounts	63			63
<b>Closing Balance Fund 12</b>	<b>(1,123)</b>			<b>(1,095)</b>
Authorized limit	1,500			1,500

The information provided within this working paper addresses all requirements of YE Directive #53 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 11th, 2017.

 Susan Craig, DFA  
May 11, 2017

2016 - 2017

63<sup>RD</sup> ANNUAL REPORT

NORTHWEST TERRITORIES LIQUOR COMMISSION



Photo Credit: Chris Polselli

Northwest Territories

Finance

Territoires du Nord-Ouest

Finances

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## **MEMBERS OF LEGISLATIVE ASSEMBLY**

### NWT Liquor Commission Annual Report

I am pleased to present, for the information of the Members of the Legislative Assembly, the sixty-third Annual Report for the Northwest Territories Liquor Commission for the fiscal year ending March 31, 2017.

---

Robert C. McLeod  
Minister Responsible for the  
NWT Liquor Commission





**THE HONOURABLE ROBERT C. MCLEOD  
MINISTER OF FINANCE**

NWT Liquor Commission

Pursuant to Subsection 64 (1) of the *Liquor Act*, we are pleased to submit the sixty-third Annual Report of the Northwest Territories Liquor Commission for the fiscal year ending March 31, 2017.

We wish to express our thanks to our staff for all their support and contributions to the progress of the Commission during the year.

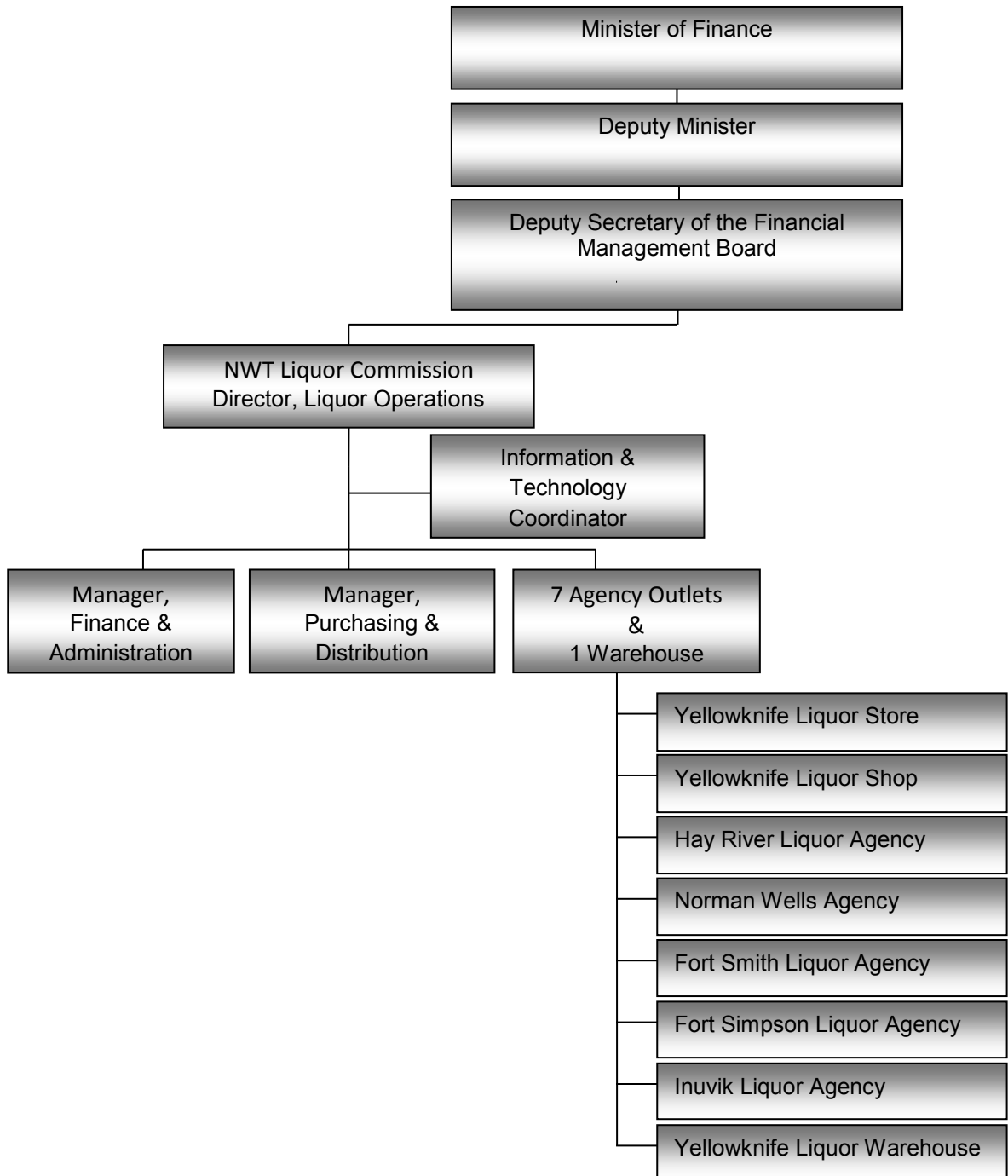
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Peter Maher  
Director, Liquor Operations  
NWT Liquor Commission

---

Deputy Minister  
Department of Finance

# ORGANIZATION CHART



# **NORTHWEST TERRITORIES LIQUOR COMMISSION**

**SUITE 201 – 31 CAPITAL DRIVE  
HAY RIVER, NT X0E 1G2  
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[www.fin.gov.nt.ca/liquor](http://www.fin.gov.nt.ca/liquor)



## DIRECTOR OF LIQUOR OPERATION'S REPORT

The Northwest Territories Liquor Commission (NWTLC) is established under the *Liquor Act* of the Northwest Territories to purchase, sell classify and distribute liquor in the Northwest Territories.

The year showed a 8% sales growth over the prior year at \$53 million. Budget estimates for the year were exceeded; with the annual surplus 7.0% over the budget targets. The volume of liquor sold, in litres, was down 1.9% over 2015/16, and \$23 million was transferred to the Territorial Treasury.

Sales and distribution are carried out through a network consisting of seven retail outlets and one Yellowknife warehouse, contracted to private sector operators.

The strategic plan of the Commission focuses on three key areas for measuring performance:

1. Efficient operation, and compliance with legislation, regulation and policy
2. Social Responsibility
3. Financial Income Targets

These areas serve as a guideline for incorporating our mission statement into day to day activities. The success of the organization should not be measured in financial performance alone, and the responsibility of the Commission includes ensuring performance as a responsible industry partner, and as a socially responsible member of society. The Commission was successful in meeting the goals established in the strategic plan.

I would like to thank our staff, agents, customers and partners for another successful year.

Peter Maher  
Director, Liquor Operations

## **MANDATE**

### **Vision**

Our customers will have a healthy and responsible attitude toward alcohol consumption and we will provide them the opportunity to discover, enjoy and share a wide variety of beverage alcohol.

### **Mission Statement**

We will be an innovative, efficient and profitable organization, dedicated to the retail and wholesale distribution of beverage alcohol, and promote the development of a healthy and responsible drinking culture.

### **Values**

We value our customers and employees.

We encourage and support the responsible use of alcohol.

We will be efficient and cost effective.

We will be responsible for our actions and will be honest and fair.

We will treat others with dignity and courtesy.

We will support one another to achieve our goals.

## **OPERATIONAL REVIEW**

The NWTLC has a number of stakeholders including the people of the Northwest Territories, our customers, employees, private sector contractors, suppliers, industry partners and all those who share our concern for social responsibility and public safety. Our customer base includes the public who access our products through our retail network, as well as commercial clients such as restaurants and bars.

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2016 – 2017 we:

- Delivered a wide variety of quality beverage alcohol products through our network of stores and warehouse.
- Promoted safe and responsible use of beverage alcohol.

## **STRATEGIC OBJECTIVES**

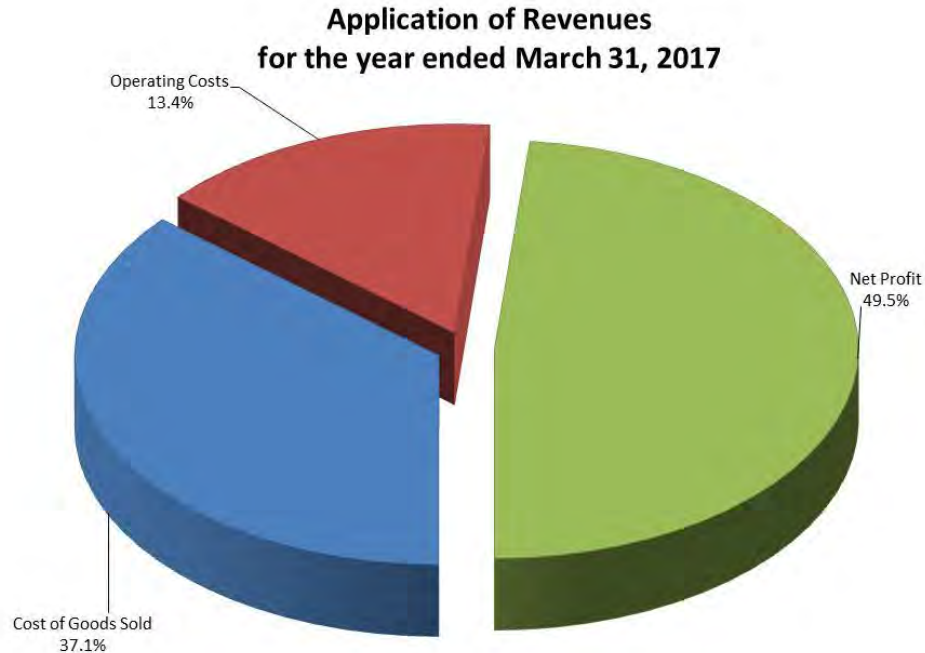
### **Goal #1**

Operations are managed efficiently and comply with legislation, regulation and policy.

### **Performance Highlights**

The operational structure of the NWTLC is designed to deliver optimal service levels for the best possible costs, and consists of a headquarters administrative staff of eight and a network of seven stores and one warehouse, operated by private contractors. All seven of the private agency stores operate with inventory on consignment from the Commission. The Yellowknife stores changed from private to consignment stores on September 8, 2015. Sales to consumers and licensees are incurred through sales by the consignment stores. The cost to deliver the sales and administration throughout the year was 13.4% of sales revenue, of which 12% was paid to liquor store and warehouse contractors.

Operational compliance with contracts, regulation and legislation by the store and warehouse operators was maintained throughout the year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.



## Goal #2

Actively and continuously promote the responsible use of alcohol.

### Performance Highlights

The NWTLC supports the responsible use of alcohol through various awareness programs and initiatives.

Liquor server training is mandatory in all NWT liquor stores. All liquor store service personnel must successfully complete the NWTLC liquor store training program and demonstrate competence in the service of beverage alcohol.

The Check 25 program is intended to strengthen controls in place concerning service to minors. The program conditions our customers to expect to be asked for proof of identification if they appear to be under the age of 25.

The NWTLC applies warning labels to beverage alcohol containers. The labels warn of the Dangers of Alcohol Consumption during pregnancy, and drinking and driving.

In support of MADD Canada, all liquor stores participated in the Red Ribbon program, *"Its Time to Change the Meaning of Tie One On, "Drive Safe, Drive Sober"*.

Reusable bags are provided as an alternative to single use paper bags.

The NWTLC participants with the Canadian Association of Liquor Jurisdictions Social Responsibility Committee in support of socially responsible liquor retailing on a nationwide basis. We have partnered with Manitoba Liquor and Lotteries in their UnDrunk Campaign; in an effort to promote awareness that drinking and driving extends to the use of recreational vehicles.

During the 2016-17 year, Uphere Magazine's designers, in conjunction with the new requirements for Government of the NWT Visual Identity Programs, designed a Summer and Winter UnDrunk Poster Campaign that was in Uphere Magazine, News North, L'Aguilon, 25 Community Recreational Centres, and Band and Municipal Government Offices across the Northwest Territories, and in the Yellowknife Chamber of Commerce Insider.





During the Christmas Season; the NWT Liquor Commission ran a “Do not Drink and Drive” radio campaign on 100.1 Moose FM and partnered with the Newfoundland and Labrador Liquor Corporation and played the “Do not Drink and Die” advertising campaign in all NWT movie theatres.



### GOAL #3

Meet financial income targets.

#### Performance Highlights

NWTLC annual surplus was 8% higher than the previous fiscal year and 7% within budget targets. Sales volume in litres was approximately 1.9% lower than the previous year.

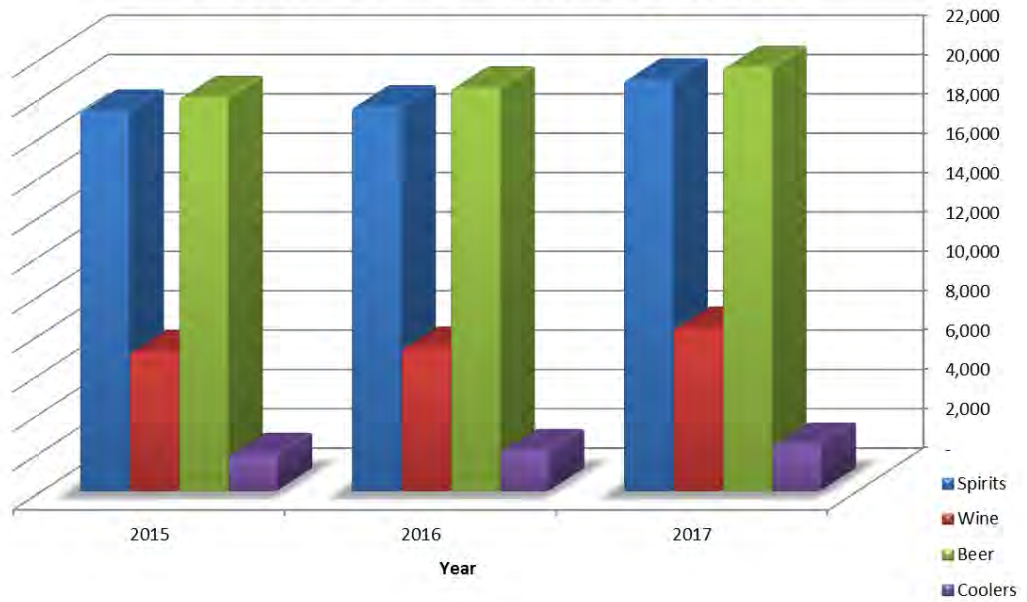
#### Five Year Performance History

For the year ending March 31

(\$000's)

	2017	2016	2015	2014	2013
Gross sales	52,998	49,238	48,157	46,527	47,313
Gross profit	33,772	30,984	29,976	29,350	30,239
as a % of sales	63.7	62.9	62.2	63.1	63.9
Other Income	13	9	10	7	9
Net surplus	25,681	24,362	25,043	24,523	25,441
as a % of sales	48.5%	49.5%	52.0%	52.7%	53.8%
Operating expenses	8,104	6,631	4,943	4,834	4,807
as a % of sales	15.3%	13.5%	10.3%	10.4%	10.2%

### Three Year Dollar Sales Trend by Category



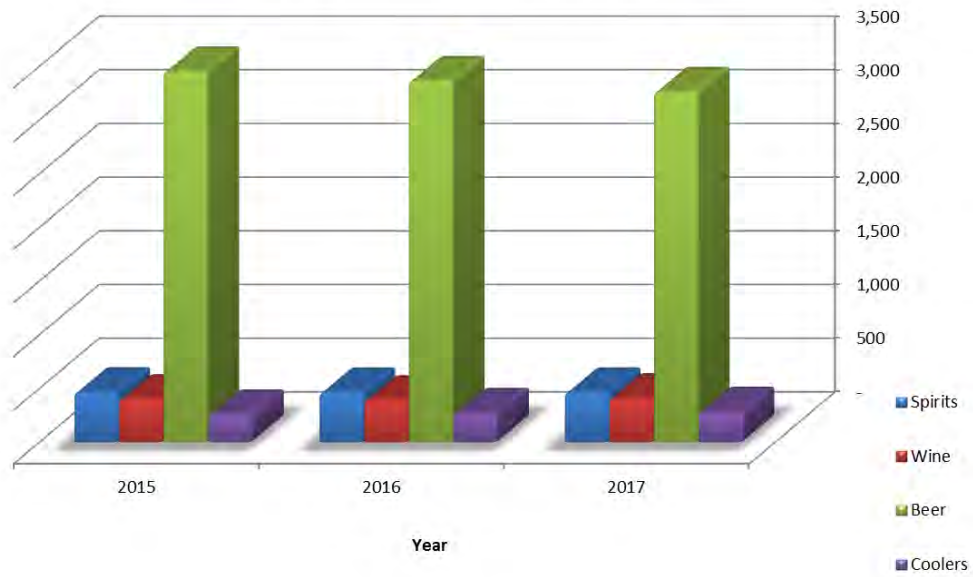
### Three Year Dollar Sales by Category

for the year ending March 31

(\$000's)

	Spirits	Wine	Beer	Coolers	Total
2015	19,292	7,053	19,978	1,834	48,157
2016	19,508	7,240	20,459	2,031	49,238
2017	20,875	8,264	21,505	2,354	52,998

### Three Year Litre Sales Trend by Category



### Three Year Litre Sales by Category

for the year ending March 31

(000's)

	Spirits	Wine	Beer	Coolers	Total
2015	452	387	3,439	246	4,524
2016	451	378	3,362	260	4,451
2017	450	398	3,249	271	4,368

## Litre Sales by Distribution Channel



## Three Year Litre Sales by Distribution Channel

for the year ending March 31

(000's)

	2017	2016	2015
Sales to Private Stores	0	1,027	2,057
Sales to Consumers	3,574	2,724	1,647
Sales to Licensees	729	688	820
Sales to Manufacturers *	65	12	0
<b>Total</b>	<b>4,368</b>	<b>4,451</b>	<b>4,524</b>

## Three Year Dollar Sales by Distribution Channel

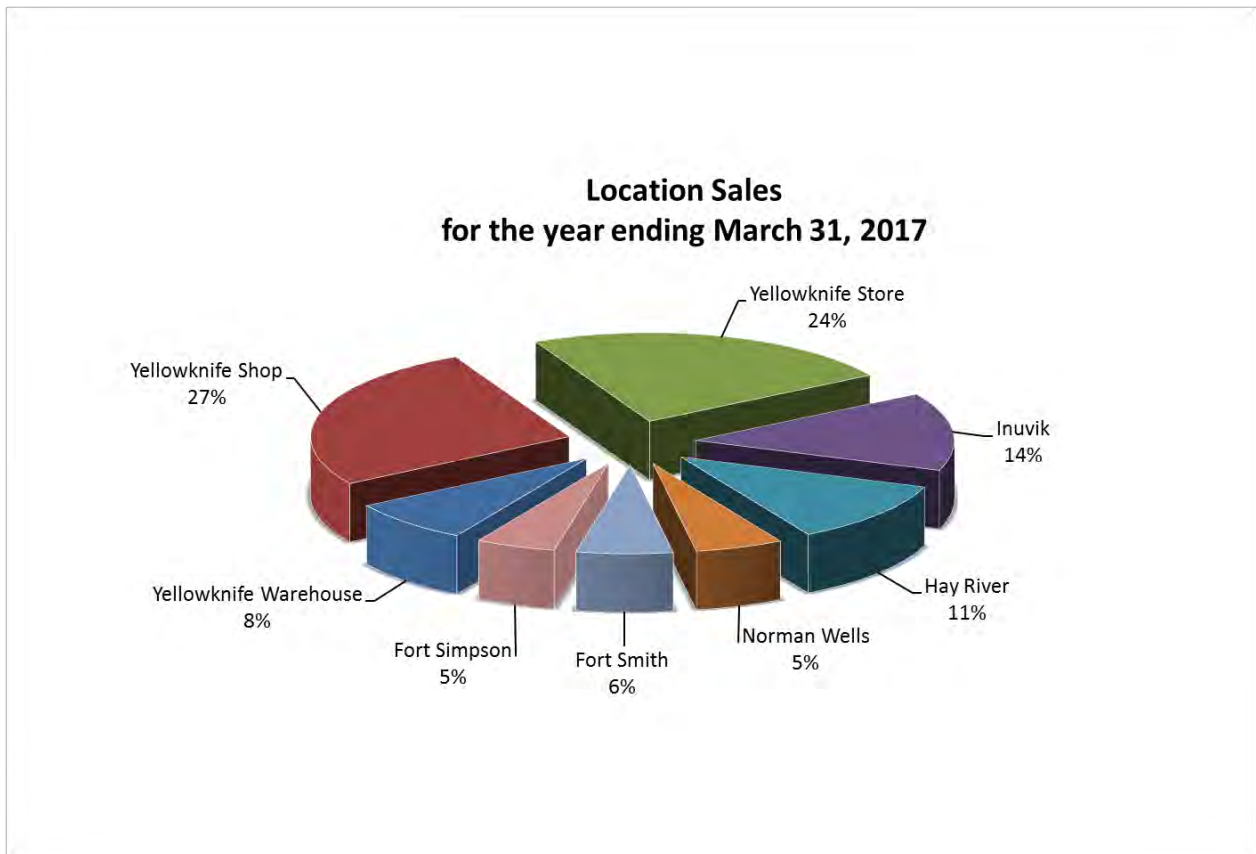
for the year ending March 31

(000's)

	2017	2016	2015
Sales to Private Stores	0	9,354	22,500
Sales to Consumers	47,077	34,125	19,990
Sales to Licensees	5,849	5,746	5,667
Sales to Manufacturers *	72	13	0
<b>Total</b>	<b>52,998</b>	<b>49,238</b>	<b>48,157</b>

\* Manufacturer's license markup; per the Liquor Regulations (4.1) A licence holder referred to in paragraph (4)(a) or (b) who sells liquor directly to patrons in the Northwest Territories is deemed to have first sold the liquor to the Commission and purchased it back from the Commission.

## STORE OPERATIONS



## Sales by Location

for the year ended March 31

(\$000's)

	2017	2016	Increase (Decrease)
Yellowknife Warehouse	\$ 4,101	\$ 13,424	\$ (9,323)
Yellowknife Shop	14,031	6,907	7,124
Yellowknife Store	12,406	6,894 **	5,512
Inuvik	7,486	7,583 **	(97)
Hay River	5,977	5,937	40
Norman Wells	2,899	2,811	88
Fort Smith	3,171	2,933	238
Fort Simpson	2,628	2,556	72
*Other	299	193	106
<b>Total</b>	<b>\$ 52,998</b>	<b>\$ 49,238</b>	<b>\$ 3,760</b>

\* Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

\*\* 2016 Sales - September 2015 - March 2016.

## Statement of Operations by Location

(for the year ended March 31, 2017 with comparative figures for 2016 )  
(revenue and expenses directly related to sales per location)

### YELLOWKNIFE WAREHOUSE

(\$000's)

					2017	2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Private Stores	-	-	-	-	-	9,355
Licensees	843	615	2,465	178	4,101	4,069
	843	615	2,465	178	4,101	13,424
Cost of goods sold	333	341	1,492	130	2,296	5,768
Gross margin	510	274	973	48	1,805	7,656
Other income					-	-
Operating expenses					905	897
Net income					900	6,759

### YELLOWKNIFE SHOP

(\$000's)

					2017	Sept - Mar 2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	5,842	2,357	5,189	643	14,031	6,907
Licensees	-	-	-	-	-	-
	5,842	2,357	5,189	643	14,031	6,907
Cost of goods sold	1,600	1,028	1,860	251	4,739	2,329
Gross margin	4,242	1,329	3,329	392	9,292	4,578
Other income					-	-
Operating expenses					1,542	738
Net income					7,750	3,840



**YELLOWKNIFE STORE**

(\$000's)

	Spirits	Wine	Beer	Coolers	Sept - Mar	
					2017 Total	2016 Total
Sales						
Consumers	4,827	2,732	4,336	511	12,406	6,894
Licensees	-	-	-	-	-	-
	4,827	2,732	4,336	511	12,406	6,894
Cost of goods sold	1,379	1,188	1,594	201	4,362	2,406
Gross margin	3,448	1,544	2,742	310	8,044	4,488
Other income					-	-
Operating expenses					1,301	714
Net income					6,743	3,774

**INUVIK OPERATIONS**

(\$000's)

	Spirits	Wine	Beer	Coolers	2017	2016
					Total	Total
Sales						
Consumers	3,249	785	2,540	266	6,840	6,898
Licensees	122	30	462	32	646	685
	3,371	815	3,002	298	7,486	7,583
Cost of goods sold	925	344	1,239	140	2,648	2,693
Gross margin	2,446	471	1,763	158	4,838	4,890
Other income					-	-
Operating expenses					830	832
Net income					4,008	4,058

**HAY RIVER OPERATIONS**

(\$000's)

	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>2017 Total</b>	<b>2016 Total</b>
Sales						
Consumers	2,310	691	2,236	295	5,532	5,489
Licensees	70	37	319	19	445	448
	<u>2,380</u>	<u>728</u>	<u>2,555</u>	<u>314</u>	<u>5,977</u>	<u>5,937</u>
Cost of goods sold	<u>661</u>	<u>299</u>	<u>999</u>	<u>134</u>	<u>2,093</u>	<u>2,079</u>
Gross margin	1,719	429	1,556	180	3,884	3,858
Other income					-	-
Operating expenses					<u>700</u>	<u>679</u>
Net income					3,184	3,179

**NORMAN WELLS OPERATIONS**

(\$000's)

	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>2017 Total</b>	<b>2016 Total</b>
Sales						
Consumers	1,244	252	1,090	88	2,674	2,620
Licensees	36	38	143	8	225	191
	<u>1,280</u>	<u>290</u>	<u>1,233</u>	<u>96</u>	<u>2,899</u>	<u>2,811</u>
Cost of goods sold	<u>352</u>	<u>121</u>	<u>521</u>	<u>43</u>	<u>1,037</u>	<u>1,020</u>
Gross margin	928	169	712	53	1,862	1,791
Other income					-	-
Operating expenses					<u>670</u>	<u>645</u>
Net income					1,192	1,146

**FORT SMITH OPERATIONS**

(\$000's)

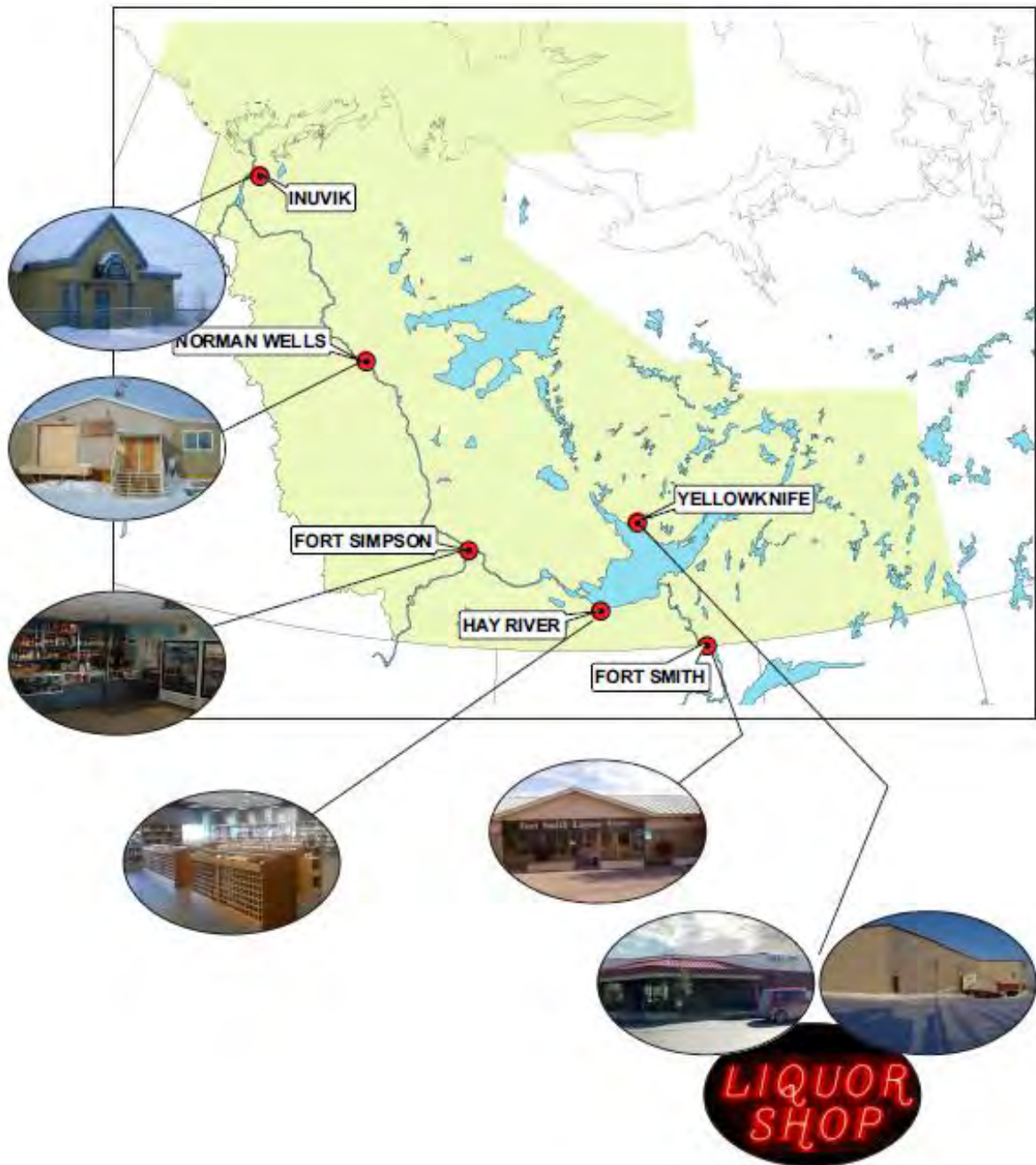
					2017	2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	965	398	1,464	205	3,032	2,828
Licensees	32	2	99	6	139	105
	997	400	1,563	211	3,171	2,933
Cost of goods sold	288	158	594	88	1,128	1,066
Gross margin	709	242	969	123	2,043	1,867
Other income					-	-
Operating expenses					558	503
Net income					1,485	1,364

**FORT SIMPSON OPERATIONS**

(\$000's)

					2017	2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	1,292	144	807	92	2,335	2,308
Licensees	32	4	246	11	293	248
	1,324	148	1,053	103	2,628	2,556
Cost of goods sold	298	68	416	44	826	832
Gross margin	1,026	80	637	59	1,802	1,724
Other income					-	-
Operating expenses					401	388
Net income					1,401	1,336

## STORE LOCATIONS



**AUDITED FINANCIAL STATEMENTS**  
**2016 – 2017**

**NORTHWEST TERRITORIES LIQUOR COMMISSION**

**Financial Statements**

**Year ended March 31, 2017**

# NORTHWEST TERRITORIES LIQUOR COMMISSION

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March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Commission (Commission) is the responsibility of the Commission's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Commission complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Commission, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.



Peter Maher  
Director, Liquor Operations  
Northwest Territories Liquor Commission  
June 30, 2017



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**Chris Polselli CA**  
5 Deer Park Point  
Spruce Grove, AB, T7X 4N6

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## **INDEPENDENT AUDITOR'S REPORT**

To the Minister responsible for the Northwest Territories Liquor Licensing Board and Liquor Enforcement

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, accumulated surplus, changes in net debt 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northwest Territories Liquor Licensing Board and Liquor Enforcement as at March 31, 2017, the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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## Independent Auditor's Report (Continued)

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### Report on Other Legal and Regulatory Requirements

I further report in accordance with the *Financial Administration Act* that, in my opinion, proper books of account have been kept by the Northwest Territories Liquor Licensing Board and Liquor Enforcement and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Licensing Board and Liquor Enforcement that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations and the *Liquor Act* of the Northwest Territories and regulations.

A handwritten signature in dark ink, appearing to be 'C. R.', is written on a light green rectangular background.

June 30, 2017  
Spruce Grove, Canada

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Statement of Financial Position

As at March 31 (\$000)	2017	2016
<b>Financial Assets</b>		
Cash	\$ 3,539	\$ 2,739
Accounts receivable	61	43
Inventories for resale (note 3)	3,906	3,527
	<u>7,506</u>	<u>6,309</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	2,026	2,159
Pension and other employee benefits (note 4)	80	127
Due to the NWT Liquor Licensing Board (note 5)	87	271
	<u>2,193</u>	<u>2,557</u>
<b>Net Financial Resources</b>	<u>5,313</u>	<u>3,752</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	569	620
Prepaid expenses	30	44
	<u>599</u>	<u>664</u>
<b>Accumulated Surplus</b>	<u>\$ 5,912</u>	<u>\$ 4,416</u>

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

Approved by the Northwest Territories Liquor Commission:



Peter Maher  
Director of Liquor Operations

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Statement of Operations

For the year ended March 31 (\$000)	2017		2016	
	Budget	Actual	Actual	
<b>Sales</b>				
Beer	\$ 20,902	\$ 21,505	\$ 20,459	
Spirits	19,455	20,875	19,508	
Wine	7,423	8,264	7,240	
Coolers and Ciders	2,078	2,354	2,031	
	49,858	52,998	49,238	
<b>Cost of goods sold</b>				
Beer	8,450	8,715	8,593	
Spirits	5,494	5,835	5,468	
Wine	3,364	3,645	3,276	
Coolers and ciders	914	1,031	917	
	18,222	19,226	18,254	
<b>Gross profit on sales</b>	31,636	33,772	30,984	
<b>Other income</b>				
Government contribution - services provided without charge (note 7)	-	6	3	
Import fees and Income	9	7	6	
	9	13	9	
<b>Expenses (note 7)</b>				
Commissions to agents	6,037	6,339	4,871	
Salaries, wages and employee benefits	751	793	854	
Administration	496	580	516	
Travel	35	62	46	
Rent	230	241	249	
Amortization of tangible capital assets (note	90	89	95	
	7,639	8,104	6,631	
<b>Annual surplus</b>	\$ 24,006	\$ 25,681	\$ 24,362	

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

## NORTHWEST TERRITORIES LIQUOR COMMISSION

### Statement of Accumulated Surplus

For the year ended March 31 (\$000)	2017	2017	2016
	Budget	Actual	Actual
<b>Accumulated surplus, beginning of the y</b>	\$ 4,416	\$ 4,416	\$ 3,704
Annual surplus	24,006	25,681	24,362
Amounts transferred to the Consolidated Revenue Fund	(23,281)	(23,566)	(23,024)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(725)	(619)	(626)
Increase in accumulated surplus	-	1,496	712
<b>Accumulated surplus, end of year</b>	\$ 4,416	\$ 5,912	\$ 4,416

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

## NORTHWEST TERRITORIES LIQUOR COMMISSION

### Statement of Change in Net Financial Resources

<b>For the year ended March 31 (\$000)</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Net financial resources, beginning of</b>	\$ 3,752	\$ 3,752	\$ 3,077
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	1,496	712
Net investment in tangible capital assets:			
Acquisitions	-	(38)	(140)
Amortization expense	90	89	95
Increase in prepaid expenses	-	14	8
<b>Net financial resources, end of year</b>	<b>\$ 3,842</b>	<b>\$ 5,313</b>	<b>\$ 3,752</b>

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

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Statement of Cash flow

<b>For the year ended March 31 (\$000)</b>	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Cash received from customers	\$ 52,987	\$ 49,229
Cash paid to employees and suppliers	(27,780)	(25,402)
Cash provided by operating activities	25,207	23,827
<b>Capital activities</b>		
Purchase of tangible capital assets	(38)	(140)
<b>Financing activities</b>		
Cash transferred to the Consolidated Revenue Fund	(23,566)	(23,024)
Cash transferred to the NWT Licensing Board	(803)	(556)
Cash provided by financing activities	(24,369)	(23,580)
<b>Decrease in cash</b>	<b>800</b>	<b>107</b>
<b>Cash, beginning of year</b>	<b>2,739</b>	<b>2,632</b>
<b>Cash, end of Year</b>	<b>\$ 3,539</b>	<b>\$ 2,739</b>

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

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 1. Authority and operations

The Northwest Territories Liquor Commission (the "Commission") was established under the *Liquor Act* (the "Act") for the purposes of operating liquor stores and distributing liquor in the Northwest Territories (the "NWT"). The Northwest Territories Liquor Licensing Board (the "Board") was also established under the same Act for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The activities of the Board are administered by the Commission.

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission may also receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$6,500.
- 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, 2017, the Fund's assets exceeded the liabilities by \$5,313 (2016 - \$3,752).

Neither the Commission nor the Board are separate legal entities apart from the Department of Finance of the NWT and neither are subject to the requirements of the *Income Tax Act*.

### 2. Significant accounting policies

#### (a) Basis of accounting

The financial statements of the Commission are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

#### (b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and estimation of the useful life of the tangible capital assets.



# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 2. Significant accounting policies (continued)

#### (c) Revenue recognition

The Commission recognizes revenue on an accrual basis (i.e. when the goods are shipped and the customer assumes all risks of ownership and the collection of any amounts receivable is considered probable).

#### (d) Services provided without charge

The Commission records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

#### (e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

#### (f) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is determined on a straight-line basis using the following rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	30%
Leasehold improvements	Over the life of the lease plus any additional renewal period

#### (g) Pension benefits

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

#### (h) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods. This change was implemented in 2015 and has been accounted for in the comparative figures.

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

### 3. Inventories for resale

	2017	2016
Spirits	\$ 1,523	\$ 1,322
Beer	1,292	1,213
Wine	929	839
Coolers and ciders	162	153
	\$ 3,906	\$ 3,527

### 4. Pension and other employee benefits

#### a) Pension benefits

The employees of the Commission participates in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2016 - 1.11) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2017	2016
Commission's contributions (recognized as expense)	\$ 71	\$ 74
Employees' contribution	64	59

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. Contribution rates for current service for all members of the public service have been gradually increasing the employer - employee cost sharing ratio of 50:50 arrived at in 2017.

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits

	2017			2016		
	Severance and Accumulated Removal Sick & Special Obligation	Obligation	Total	Severance and Accumulated Removal Sick & Special Obligation	Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 78	\$ 10	\$ 88	\$ 147	\$ 14	\$ 160
Current period benefit cost	3	1	4	(6)	11	5
Accuarial (gains) loss	60	3	63	(26)	(13)	(39)
Accretion in liability	2	-	2	3	-	4
Benefits paid during the year	(48)	(1)	(49)	(40)	(2)	(42)
	\$ 95	\$ 13	\$ 108	\$ 78	\$ 10	\$ 88
Unamortized net actuarial gain (loss)	(37)	9	(28)	26	13	39
Accrued benefit obligation, end of the year	\$ 58	\$ 22	\$ 80	\$ 104	\$ 23	\$ 127

The Commission provides severance benefits to its employees based on years of service and final salary. The Commission also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Commission provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave) Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2017 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits (continued)

The actuarial valuation at March 31, 2017 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2017</u>	<u>2016</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.3%	3.2%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.6
Expected age at termination	58.7	58.3

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

2018	\$	9
2019		8
2020		7
2021		41
2022		24
2023 and beyond		<u>19</u>
	\$	<u>108</u>

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

### 5. Due to 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 the use by the Board and Enforcement without charge.

### 6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2017	2016
<b>Cost:</b>					
Opening balance	\$ 109	\$ 714	\$ 848	\$ 1,671	\$ 1,564
Acquisitions	12	27	-	39	140
Disposals and write-downs	(3)	(22)	-	(25)	(33)
Closing balance	118	719	848	1,685	1,671
<b>Accumulated Amortization:</b>					
Opening balance	(94)	(602)	(355)	(1,051)	(989)
Amortization	(6)	(50)	(33)	(89)	(95)
Disposals and write-downs	3	21	-	24	33
	(97)	(631)	(388)	(1,116)	(1,051)
Net book value	\$ 21	\$ 88	\$ 460	\$ 569	\$ 620

# NORTHWEST TERRITORIES LIQUOR COMMISSION

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 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 \$793 (2016 – \$854) 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 \$6 (2016 – \$3). 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 \$174 (2016 – \$170) for bottle deposits payable to the Department of Environment and Natural Resources, \$29 (2016 – \$64) for salaries, wages, and employee benefits to the Department of Finance, and \$4 (2016 - \$0) other various Government Departments.

### 8. Contractual obligations

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

2017/18	\$ 228
2018/19	\$ 225
2019/20	\$ 225
2020/21	\$ 91
2021/22	\$ NIL

Annual lease payments for the office premises include estimated operating costs and property taxes.

### 9. Financial instruments

The Commission’s financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, pension and other employee benefits and due to the NWT Liquor Licensing Board. It is management’s opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

The commission is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that debtors may experience financial difficulty and be unable to fulfill their obligations. Credit risk is considered minimal as most sales are done on a cash-on-delivery basis.

The carrying value of the financial instrument approximates fair value.



Northwest Territories Liquor Licensing Board  
63<sup>rd</sup> Annual Report

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# ANNUAL REPORT 2016 - 2017

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204-31 Capital Drive  
Hay River, NT X0E 1G2  
Tel: 867.874.8717  
Fax: 867.874.8722

May 16, 2017

Honourable Robert C. McLeod  
Minister Responsible for the NWT Liquor Licensing Board

Dear Honourable Minister McLeod:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Licensing Board's 2016 - 2017 Annual Report.

A handwritten signature in black ink, appearing to read "Colin Baile". The signature is fluid and cursive, with a long horizontal stroke at the end.

Colin Baile  
Chairperson



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## Chairperson's Message

For the past three years, one of the Board's goals has been to improve our interactions with Licence Holders and other NWT residents who are in contact with the Board office. Based upon responses we have received, we are meeting this goal and more. Our recently revised website, new forms, and outstanding office staff, have reduced the time required to process and approve licence and permit applications from weeks to days.

We have also introduced newsletters to keep Licence and Permit Holders informed of regulatory matters.

Many of our successes this year have been administrative. Beginning three years ago, the Board undertook to completely upgrade our internal processes in order to better serve NWT residents. These changes have resulted in faster application processing, more complete information being available to the public, and fair, consistent decisions.

The three pillars of the Board's operations are:

- The Public Interest,
- Impartial and principled administration of the *Liquor Act*, and
- Assisting NWT residents to responsibly sell and serve liquor.

Within this framework, we are proactively engaging with businesses and organizations to promote liquor law compliance while working with them to pursue their goals.

I wish to thank all the Board Members for their conscientious and reasoned decision-making. Thanks must also be extended to our Board staff for their professional and informed assistance to the Board and NWT residents.

Sincerely,



Colin Baile  
Chairperson

## Overview

The Northwest Territories Liquor Licensing Board (The Board) is established under *Section 2(1)* of the Northwest Territories *Liquor Act*. The Minister responsible appoints Board Members for a term of three years.

The Board is a regulatory and quasi-judicial administrative tribunal that is independent from government. The Board administers several parts of the *NWT Liquor Act* and the *NWT Liquor Regulations*.

The Liquor Licensing Board regulates:

- The issuance of Licences and Permits;
- Liquor sales and service in restaurants, bars, and at special events; and
- The manufacture of liquor.

The Board also adjudicates alleged violations of specific liquor laws by Licence Holders.

### ***Board Members and Staff***

**Colin Baile** - Chairperson (*Yellowknife*)

**Adelle Guigon** - Vice Chairperson (*Yellowknife*)

**Wayne Smith** - Board Member (*Inuvik*)

**Heather Bourassa** - Board Member (*Fort Good Hope*)

**Michael Hansen** - Board Member (*Hay River*)

**Linda Martin** - Board Member (*Fort Smith*)

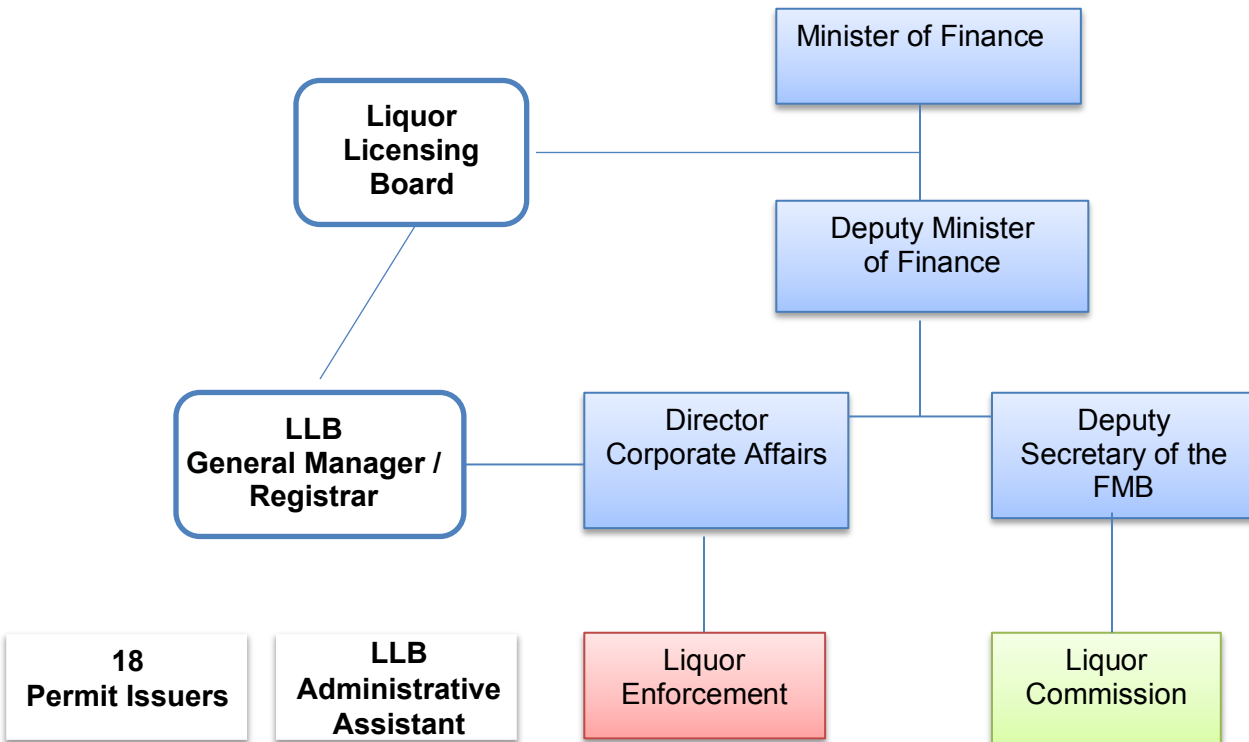
**Jaimie Graham** – General Manager/Registrar (*Hay River*)

**Valerie Daniels** – Administrative Assistant (*Hay River*)

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspection of licensed premises, enforcement of liquor laws and Board conditions
- Liquor Commission – Purchasing and retail sales of liquor

Each agency fulfils a unique role. The Board, while arms length from the Liquor Commission and Enforcement, often interact on administrative and licensing matters.



## Board Activity

The Board participated in several teleconference hearings during this reporting period.

### *Administration Meetings*

One administrative meeting was conducted focusing on ongoing suggested amendments to the *Liquor Regulations*. Additionally, the Board delegated several Board powers and duties to the Board's General Manager/Registrar as provided for by *Section 4* of the *Liquor Act*. Where possible, the Board meets by teleconference, or alternatively, in person where other business such as compliance hearings are scheduled.

### *Hearing of Licence Applications and Board Requests*

The Board must consider each application for a liquor licence and other specific Board requests. Most often this is done by teleconference, however there are times the Board must meet in person and/or conduct a public hearing of an application. During this reporting period, the Board conducted 18 application hearings and consideration of Board requests.

### Compliance Hearings

Where Liquor Enforcement alleges a Licence Holder has failed to comply with the *Liquor Act* or a condition of their liquor licence, the matter may be brought before the Board for adjudication.

As with other administrative tribunals, the Board does not operate on a cost-recovery basis. To do so could impact people's rights to fair and unbiased decision-making. As there is no cost-recovery to policing and the Courts, the cost of administrating and enforcing the *Liquor Act* and its *Regulations* is always balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is that matters should be heard in a timely manner. A person accused of a statutory violation has the right to have the matter heard without undue delay. This can, on occasion, result in procedural fairness overriding financial considerations.

Should the Board find a Licence Holder is noncompliant, a monetary penalty may be ordered. A licence may also be suspended for up to one year, or cancelled.

During this reporting period, there were no matters brought forward for a Board Compliance Hearing.

Year	Number of Compliance Hearings
2014-2015	3
2015-2016	1
2016-2017	0

Annual Average of Compliance Hearings held in the last ten year period - 6 per year.

Board Meetings and Hearings				
Administrative	Hearing of Applications/Board Requests (Teleconferences)	Public Hearings	Compliance Hearings	Total # of Board Meetings
1	18	0	0	19

## Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in restaurants, bars, and special events. The Board also regulates liquor manufacturers. A person, company or organization issued a Liquor Licence is known as a Licence Holder. There are six types of Liquor Licences:

**Class A (liquor primary)** - allows a Licence Holder to sell patrons liquor in a bar or similar business. The business must generate revenue primarily from the sale and service of liquor.

**Class B (food primary)** - allows a Licence Holder to sell patrons liquor in a restaurant or similar business. The business must generate revenue primarily from the sale and service of meals.

**Class C (mobile)** - allows a Licence Holder to sell and serve liquor under one of three circumstances:

- Catering – where someone other than the Licence Holder at various locations hosts events, and the Licence Holder's primary source of revenue is from catering food.
- Ship – where the Licence Holder operates a ship that generates revenue primarily from the sale and service of food, entertainment or services related to tourism.
- Special Events – where the Licence Holder organizes special events from time to time and revenue is primarily generated from the sale and service of entertainment.

**Class D (liquor incidental)** - allows a Licence Holder to sell and serve liquor under one of four circumstances:

- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge and the sell or use of liquor is for its authorized patrons.
- Community, Recreational, Cultural Activities – the Licence Holder operates a facility that provides benevolent, philanthropic, charitable, religious, scientific, artistic, musical, literary, social, educational, recreational, sporting or other like activities, and the sell or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises but may have a mini-bar extension.

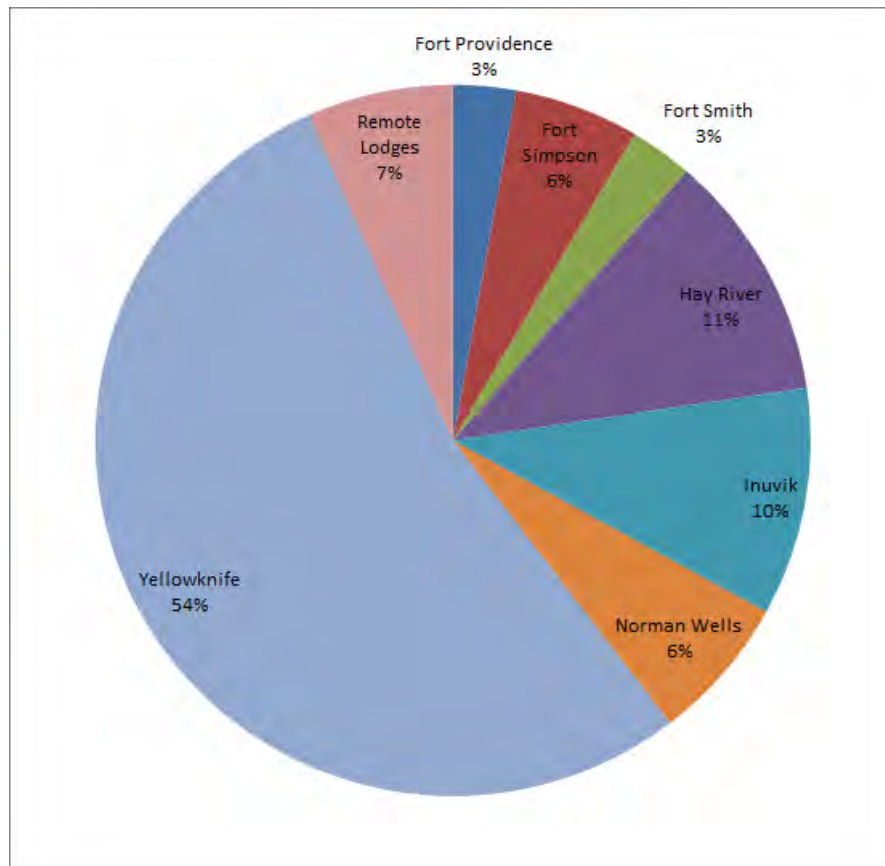
**Manufacturing Licence** - authorizes the Licence Holder to manufacture a specified type of liquor. The holder of a Manufacturing Licence may only sell its manufactured liquor to the NWT Liquor Commission or a liquor commission or other similar authority outside the Northwest Territories.

**Manufacturer's Retail Outlet Licence** - A Manufacturer's Retail Outlet Licence may only be issued to a person who holds a Manufacturing Licence. A Manufacturer's Retail Outlet Licence authorizes the Licence Holder to operate a retail outlet within the manufacturing facility in order to sell its own liquor to the public.

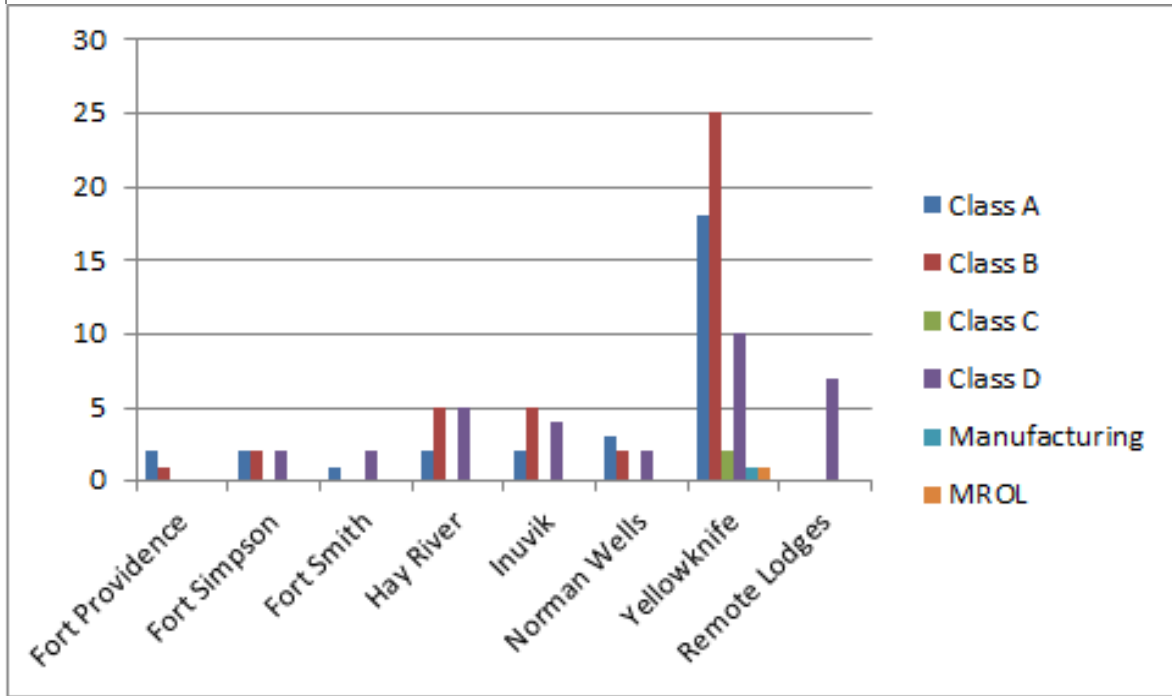
## Total Liquor Licences

Community	Class of Licence						Total Licences
	A	B	C	D	Manufacturing	Manufacturer's Retail Outlet	
Fort Providence	2	1	0	0	0	0	3
Fort Simpson	2	2	0	2	0	0	6
Fort Smith	1	0	0	2	0	0	3
Hay River	2	5	0	5	0	0	12
Inuvik	2	5	0	4	0	0	11
Norman Wells	3	2	0	2	0	0	7
Yellowknife	18	25	2	10	1	1	57
Other (Lodges)	-	-	-	7	-	-	7
<b>Total</b>	<b>30</b>	<b>40</b>	<b>2</b>	<b>32</b>	<b>1</b>	<b>1</b>	<b>106</b>

## Total Liquor Licences % by Community



## Total Liquor Licences Class / Community



### Special Occasion Permits

Special Occasion Permits are issued in communities at most Liquor Stores, the Department of Education, Culture and Employment's French Language Services, and the Board office in Hay River. Special Occasion Permit Issuers are appointed by the Minister responsible for the Board. As of April 1st, 2017, the Yellowknife Liquor Store no longer issues Special Occasion Permits. Yellowknife Permit applications are issued by the Board Office.

There are three types of Special Occasion Permits (SOP's):

**Class 1** - Anyone 19 years of age or older may apply for a Class 1 Permit. There may not be an admission charge for the event. Liquor may not be directly or indirectly sold. A Class 1 permit is intended for events where liquor is given to guests such as a business meet & greet where wine is served, or a wedding reception with an open bar.

**Class 2 (resale)** - Anyone 19 years of age or older may apply for a Class 2 Permit. Liquor may be sold, but not for a profit. The Board sets the maximum a Permit Holder may charge for liquor. Presently, the amount is \$3.00 per drink. This class of permit is intended for events where the organizer wants to provide liquor but does not want to give it away. The per-drink limit is intended to offset some of these costs.



**Class 3 (fundraising)** - Class 3 Resale Permits are available to organizations only, and not to individuals. Organizations eligible for a Class 3 permit include:

- A society incorporated under the *Societies Act*;
- A body incorporated under *Part II* of the *Canada Corporations Act*;
- A service club that holds a premises licence; or
- an unincorporated group of persons that:
  - has been in existence for a period not less than six months before the date of application,
  - has an executive elected by its members, and
  - conducts a community, recreational or cultural activity and does not carry on a trade or business for the pecuniary gain of its members.

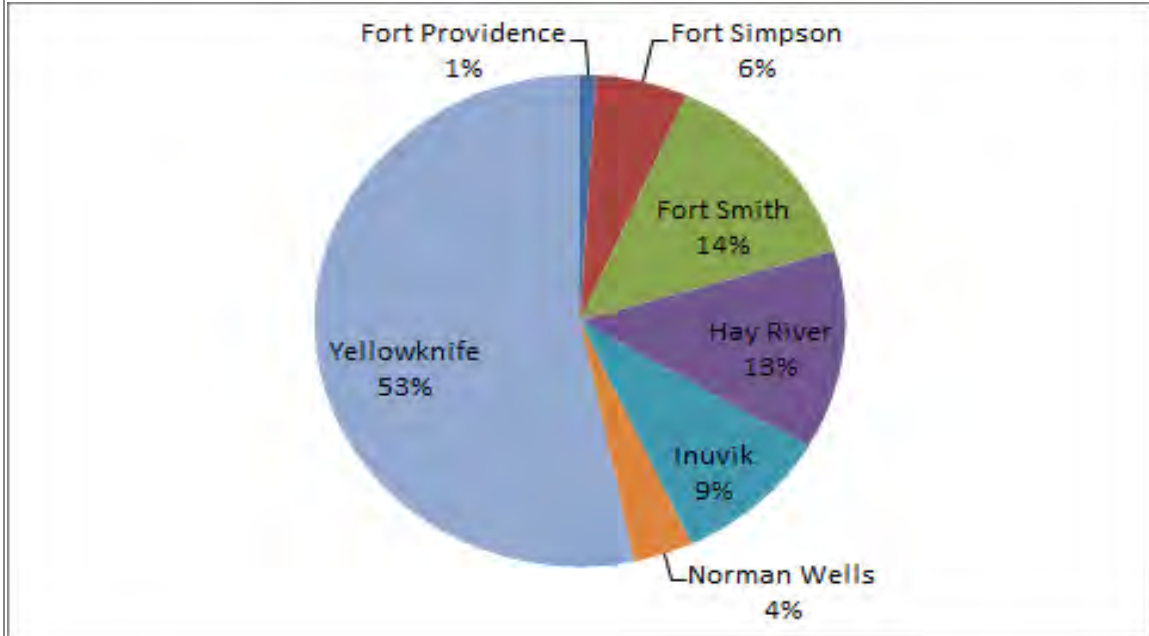
After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which it will be used.

## Total Special Occasion Permits

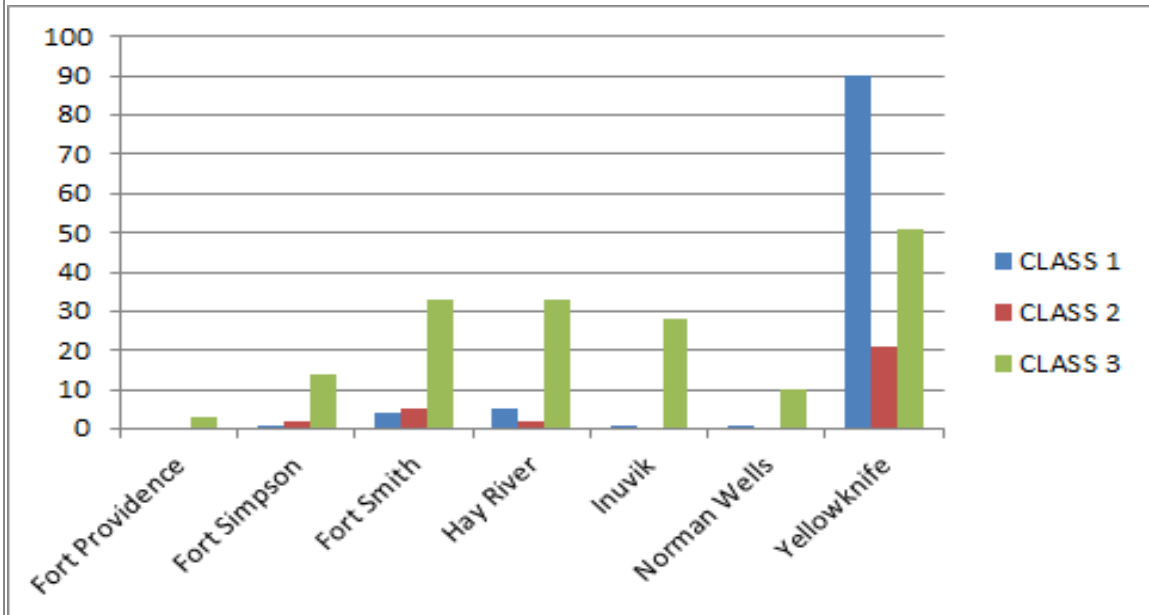
Community	Class of Permit			Total Permits
	Class 1	Class 2	Class 3	
Fort Providence*	0	0	3	3
Fort Resolution*	0	1	0	1
Fort Simpson	1	2	14	17
Fort Smith*	4	5	33	42
Hay River	5	2	33	40
Inuvik	1	0	28	29
Norman Wells	1	0	10	11
Ulukhaktok*	1	0	0	1
Yellowknife	90	21	51	162
<b>Total</b>	<b>103</b>	<b>31</b>	<b>172</b>	<b>306</b>

\*Permits for Fort Smith, Fort Providence, Fort Resolution and Ulukhaktok are issued from the Board office.

## Special Occasion Permits % by Community



## Special Occasion Permits Class / Community



## Special Purpose Permits

A Special Purpose Permit authorizes a Permit Holder to possess and use liquor for a medicinal, scientific or other special purpose. All applications for Special Purpose Permits require the approval of the Liquor Licensing Board.

The Liquor Licensing Board may issue a Special Purpose Permit to:

- a medical practitioner, dentist, nurse practitioner, registered midwife or a veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a facility that provides health services pursuant to the *Hospital Insurance and Health and Social Services Administration Act* or a person in charge of a nursing home.

**There are presently three issued Special Purpose Permits.**

## Board Accomplishments

During this reporting period, the Board and staff have accomplished several projects, including:

- A complete update of Board website with access to all forms and information publications;
- Update of the Special Occasion Permit application process;
- Hiring of an Administrative Assistant;
- Translation of all Board documents and forms into the French Language;
- Increased communications including several newspaper advertisements for important Board updates and public notice reminders;
- Extensive administrative reorganization of records management;
- Distribution of several newsletters communicating important information for Licence and Permit Holders, and
- Identified several gaps in current legislation and proposed legislative Amendments.



As of April 1, 2017  
Yellowknife

Special Occasion Permit applications  
will no longer be issued at  
the Yellowknife Liquor Store.

To apply for a Special Occasion Permit, complete the form from our website and submit with the required supporting documents to the Board Office by email.

Find out more:

[www.fin.gov.nt.ca/services/liquor/liquor-licensing-board](http://www.fin.gov.nt.ca/services/liquor/liquor-licensing-board)

LLBinfo@gov.nt.ca

1-800-351-7770

## Board Office

The Liquor Licensing Board office is located in Hay River, Northwest Territories.

The Board office is staffed by the General/Manager and an Administrative Assistant.

NWT Liquor Licensing Board  
Suite 204-31 Capital Drive  
Hay River, NT X0E 1G2

Toll-free: 1-800-351-7770

Email: [LLBinfo@gov.nt.ca](mailto:LLBinfo@gov.nt.ca)

Website: [www.fin.gov.nt.ca/services/liquor/liquor-licensing-board](http://www.fin.gov.nt.ca/services/liquor/liquor-licensing-board)

# **NORTHWEST TERRITORIES ENFORCEMENT**

**SUITE 204 – 31 CAPITAL DRIVE  
HAY RIVER NT X0E 1G2  
PH: 867 874 8715  
FAX: 867 874 8722  
TOLL FREE: 1 800 351 7770**

## ENFORCEMENT ACTIVITY

The Liquor Enforcement Division is responsible supervising liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities. Contracted liquor inspectors monitor the activities of licensed premises by doing liquor inspections at irregular intervals at licensed premises and at licensed special occasion permit functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular liquor inspections, training courses, newsletters and on-site visits from the Manager of Enforcement. The inspections program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be a lower risk (e.g. Restaurants).

The RCMP also conducts walkthroughs at licensed premises and at licensed special occasion permit functions. The number of times these types of inspections are done is not reported to Enforcement. However, violations are reported to Liquor Enforcement when found.

## INSPECTION OF LICENSED PREMISES

Community	Inspections	
	2015 - 2016	2016 - 2017
Fort Providence	2	4
Fort Simpson	0	3
Fort Smith	183	183
Hay River	131	131
Inuvik	144	144
Norman Wells	32	32
Yellowknife	591	510
<b>TOTAL</b>	<b>1083</b>	<b>1007</b>

Fluctuations in the number of inspections performed are affected by the availability of the inspectors.

## SERVER TRAINING

Enforcement offers and conducts server training courses free of charge to licence holders, their staff, the general public and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can order licence holders and their staff to take the course as part of a penalty when a licence holder has been found in violation of the *Liquor Act* or at high risk events. The server training course educates the license and permit holders on their responsibilities under the *Liquor Act and Regulations* and on Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control, providing a safe environment and liability issues.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*. Licence holders also have access to a toll-free line for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act and Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

### SERVER TRAINING COURSE PARTICIPANTS

Community	2015 – 2016	2016 - 2017
Fort Providence	12	20
Fort Simpson	0	7
Fort Smith	8	14
Hay River	54	40
Inuvik	0	0
Norman Wells	0	13
Yellowknife	283	53
<b>Total</b>	<b>357</b>	<b>147</b>

### COMMUNITY STATUS

Communities in the Northwest Territories have options available to them regarding their liquor status. Communities are either:

- **Unrestricted** - there are no restrictions beyond those that are described in the *Liquor Act or Regulations*;
- **Restricted** - a restriction may limit the quantity of alcohol and/or frequency that liquor can be brought into the community, the quantity of alcohol and hours of sale, or to seek approval to bring alcohol into the community from an Alcohol Education Committee; or
- **Prohibited** - there is a complete ban on alcohol being brought into the community.

### UNRESTRICTED COMMUNITIES INCLUDE

Aklavik	Fort Smith*	Kakisa
Colville Lake	Hay River*	Sachs Harbour
Enterprise	Inuvik *	Wrigley
Fort Providence*	Jean Marie River	Yellowknife*
Fort Resolution	Norman Wells*	Behchoko

\*These communities have licensed premises and/or liquor store/liquor warehouses.

## **RESTRICTED COMMUNITIES INCLUDE**

Déline	Fort McPherson	Ulukhaktok
Detah	Fort Simpson*	Tuktoyaktuk
Fort Good Hope	Paulatuk	
Fort Liard	Tulita	

\*The restriction applies to the amount of liquor that can be bought at the liquor store.

### **Déline**

The restriction prohibits an individual from bringing into the community in any 24-hour period or possesses at any time within a 25-km radius of the Déline Charter Community Office an amount of liquor that exceeds any one of the following combinations:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

The restriction regulations authorize the Déline Dene Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

### **Detah**

The restriction applies to the amount of liquor an individual can possess in any one-month. This is either;

- (a) 12 containers (355 ml) of beer and 1 container (750 ml) of spirits; or
- (b) 4500 ml of wine.

### **Fort Good Hope**

The restriction applies to the amount of liquor an individual can possess in a seven-day period. An individual may possess one of the following quantities of liquor:

- (a) 1140 ml of spirits and one dozen (355 ml) containers of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) one dozen (355 ml) containers of beer and two litres of wine; or
- (d) two dozen (355 ml) containers of beer and one litre of wine.



### **Fort Liard**

The restriction applies to the amount of liquor an individual can transport into the community over a one-week period. An individual may transport either:

- (a) 1140 ml of spirits;
- (b) two dozen containers (355 ml) of beer; or
- (c) two containers (750 ml) of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the municipal or band council where liquor shall be consumed at community dances.

### **Fort McPherson**

The restriction prohibits an individual from:

- i. bringing into the restricted area, in any seven-day period, a quantity of liquor that is in excess of one of the following combinations:
- ii. operating within the restricted area a vehicle having two or more occupants and transporting a quantity of liquor that is in excess of two of the following combinations:
  - (a) 2280 ml of spirits and 24 containers (355 ml) of beer;
  - (b) 2280 ml of spirits and four litres of wine;
  - (c) 24 containers (355 ml) of beer and four litres of wine; or
  - (d) 48 containers (355 ml) of beer and two litres of wine.

### **Fort Simpson**

The restriction applies to the quantity of liquor the vendor can sell to a person during a day in which the liquor store is open. The quantity is:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 2 litres of wine and 12 containers (355 ml) of beer; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

### **Paulatuk**

The restriction prohibits an individual from bringing into the restricted area in any seven-day period, and from possessing in the restricted area at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and 750 ml of spirits;
- (e) 1175 ml of spirits.

### **Trout Lake**

The restriction prohibits an individual from bringing into the restricted area in any twenty-four hour period, a quantity of liquor that is in excess of one of the following combinations:

- (a) 750 ml of spirits and 12 container (355 ml) of beer;
- (b) 750 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

### **Tulita**

The restriction prohibits an individual from bringing into the restricted area, in any 24 hour period, and from possessing in the restricted area, at any time, a quantity of liquor that is in excess of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

### **Ulukhaktok**

The restriction prohibits an individual from bringing into the community in any seven-day period, and from possessing at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine;
- (d) 24 containers (355 ml) of beer and one 750 ml bottle of hard liquor; or
- (e) 1775 ml of spirits of hard liquor.

The restriction regulations authorize the Ulukhaktok Hamlet Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

### **Tuktoyaktuk**

The restriction prohibits an individual from bringing into the community at any time, and from possessing at any time a quantity of liquor that exceeds one of the following combinations:

- (a) 1140 ml of spirits and 24 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 24 containers (355 ml) of beer and three litres of wine;
- (d) 2280 ml of spirits;
- (e) 6 litres of wine; or
- (f) 48 containers (355 ml) of beer.

The restriction authorizes the Hamlet Council to authorize a person to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or some other special function.

**PROHIBITED COMMUNITIES INCLUDE**

Gamèti	Nahanni Butte	Whati
Lutsel'Ke	Tsiigehtchic	Wekweètì

**COMMUNITY OPTIONS**

Municipalities, settlements or bands may request to have the consumption, purchase, sale or transport of alcohol prohibited during a special event. An Order may not be made if it would require the temporary closure of any licensed premises or liquor store in the area. Liquor Enforcement liaises with local governments, Legislation and the Department of Finance to assist communities in the process to obtain Temporary Prohibition Orders and Plebiscites.

Between April 1<sup>st</sup>, 2016 and March 31<sup>st</sup>, 2017 the Minister approved the following Temporary Prohibition Orders:

<u>Community</u>	<u>Event</u>	<u>Duration</u>
Fort Resolution	2016 Cultural Week	10-17th August, 2016
Wrigley	2016 Men's Hand Games Tournament	24-28 <sup>th</sup> August, 2016
Sachs Harbour	2016 White Fox Jamboree	25-29 <sup>th</sup> August, 2016
Tulita	3rd Annual Hand-Games Tournament	Aug 29- Sept. 6, 2016

Communities are sent an information package in May of each year with instructions on how to apply for a Temporary Prohibition Order.

Liquor Enforcement assists communities in identifying Community Status Options for their unique needs. Choices are Unrestricted, Restricted and Prohibited. Changes in status are community driven. Enforcement assists in educating the leadership as to available options and steering the Community through the plebiscite process, with the Departments of Finance and Justice.

During 2016-2017 there was one request for a Liquor Plebiscite in Behchokò. The plebiscite, held on December 12, 2016, indicated that the community wanted to eliminate the current prohibition that was in place. As such, the Behchokò liquor prohibition was lifted on April 1, 2017.

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND  
LIQUOR ENFORCEMENT**

**Financial Statements**

**Year ended March 31, 2017**

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Board complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Liquor Licensing Board and Liquor Enforcement, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Board.

A handwritten signature in blue ink, appearing to read 'Adelle Rigo', is positioned above the text identifying the signatory.

Chairperson, NWT Liquor Licensing Board  
June 30, 2017

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**Chris Polselli, CA**  
5 Deer Park Point  
Spruce Grove, AB, T7X 4N6

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## **INDEPENDENT AUDITOR'S REPORT**

To the Minister responsible for the Northwest Territories Liquor Commission

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Northwest Territories Liquor Commission, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, accumulated surplus, change in net financial resources and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northwest Territories Liquor Commission as at March 31, 2017 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.

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## Independent Auditor's Report (Continued)

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### Report on Other Legal and Regulatory Requirements

I further report in accordance with the *Financial Administration Act* that, in my opinion, proper books of account have been kept by the Northwest Territories Liquor Commission and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations and the *Liquor Act* of the Northwest Territories and regulations.

A handwritten signature in dark ink, appearing to be 'C. R.', on a light green background.

June 30, 2017  
Spruce Grove, Canada



# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Statement of Financial Position

As at March 31 (\$000)	2017	2016
<b>Financial Assets</b>		
Accounts receivable	\$ -	\$ 2
Due from NWT Liquor Commission (note 3)	87	271
Pension and other employee benefits (note 4)	14	15
	101	288
<b>Financial Liabilities</b>		
Accounts payable (note 6)	75	274
Deferred revenue	28	16
	103	290
<b>Net debt</b>	(2)	(2)
<b>Non-financial Assets</b>		
Prepaid Expenses	2	2
<b>Accumulated surplus</b>	\$ -	\$ -

Contractual obligations (note 7).

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)	2017	2017	2016
	Budget	Actual	Actual
<b>Revenue</b>			
License fees and permits	\$ 62	\$ 60	\$ 122
Government contribution – services provided without charge (note 6)	-	1	7
	<u>62</u>	<u>61</u>	<u>129</u>
<b>Expenses (notes 5 and 6)</b>			
Salaries, wages and employee benefits	488	446	490
Honoraria	50	55	71
Inspector's fees	68	48	47
Rent	36	31	43
Travel	75	43	40
Professional fees	29	13	28
Administration	41	44	36
	<u>787</u>	<u>680</u>	<u>755</u>
<b>Annual loss</b>	<u>\$ (725)</u>	<u>\$ (619)</u>	<u>\$ (626)</u>

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)	2017 Budget	2017 Actual	2016 Actual
<b>Accumulated surplus, beginning of year</b>	\$ -	\$ -	\$ -
Annual Loss	(725)	(619)	(626)
Amounts transferred from the NWT Liquor Commission	725	619	626
Increase (decrease) in accumulated surplus	-	-	-
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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)	2017	2017	2016
	Budget	Actual	
<b>Net debt, beginning of the year</b>	\$ (2)	\$ (2)	\$ (3)
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	-	1
<b>Net debt, end of year</b>	\$ (2)	\$ (2)	\$ (2)

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)	2017	2016
<b>Operating transactions</b>		
Cash received from customers	\$ 74	\$ 113
Cash paid to employees and suppliers	(877)	(669)
Cash provided by operating transactions	(803)	(556)
<b>Financing transactions</b>		
Cash transferred from the NWT Liquor Commission	803	556
<b>Decrease in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	\$ -	\$ -

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

# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 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 Commission (the "Commission") provides financial administrative support to the Board.

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission provides for the financial administrative support to the Board and may receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$6,500.
- 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, 2017, the Fund's assets exceeded the liabilities by \$5,313 (2016 - \$3,752).

Neither the Commission nor the Board is separate legal entities apart from the Department of Finance of the NWT and neither is subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 2. Significant accounting policies

#### (a) Basis of accounting

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

#### (b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

#### (c) Revenue recognition

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

#### (d) Services provided without charge

Liquor Enforcement records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

#### (e) Tangible capital assets

The Board receives the use of tangible capital assets from the Commission without charge.

#### (f) Pension benefits

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

# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 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. This change was implemented in 2015.

### 3. Due from NWT Liquor Commission

As explained in note 1, the Commission provides financial administrative support to the Board. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

### 4. Pension and other employee benefits

#### a) Pension benefits

The employees of the Board participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2016 - 1.11) the employees' contributions for all other employees. The Employers contributions and the Board & Enforcement's employees' contribution for the year were as follows:

	2017	2016
Employer's contributions (recognized as expense)	\$ 33	\$ 30
Employee's contribution	\$ 34	\$ 38

The plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60. Contribution rates for current service for all members of the public service have been gradually increasing the employer - employee cost sharing ratio of 50:50 arrived at in 2017.



# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

**March 31, 2017 (\$000)**

### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits

	2017			2016		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation,						
beginning of the year	-	5	\$ 5	\$ 8	\$ 4	\$ 12
Current period benefit cost (note 1)	1	-	1	-	4	4
Accuarial Gains	4	-	4	(2)	22	20
Accretion in liability	-	-	-	-	-	-
Benefits paid during the year	-	(2)	(2)	(6)	(25)	(31)
	5	3	8	-	5	5
Unamortized net actuarial gain (loss)	(3)	(19)	(22)	2	(22)	(20)
Accrued benefit obligation (asset),						
end of the year	\$ 2	(16)	\$ (14)	\$ 2	(17)	\$ (15)

The Board provides severance benefits to its employees based on years of service and final salary. The Board also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Board provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave). Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2017 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits (continued)

The actuarial valuation at March 31, 2017 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2017</u>	<u>2016</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.3%	3.2%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.6
Expected age at termination	58.7	58.3

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

2018	\$	1
2019		1
2020		1
2021		1
2022		1
2023 and beyond		<u>3</u>
	\$	<u>8</u>

# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 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		
	2017 Budget	2017 Actual	2016 Actual
<b>Expenses (notes 6 and 7)</b>			
Salaries, wages and employee benefits	\$ 308	\$ 270	\$ 281
Inspector's Fees	54	34	36
Administration	15	21	14
Rent	30	18	25
Travel	18	14	10
Professional Fees	5	1	10
	<hr/>	<hr/>	<hr/>
	430	358	376
	<hr/>	<hr/>	<hr/>
<b>Annual loss</b>	(430) \$	(358) \$	(376)

### 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 \$446 (2016 - \$490) related to salaries, wages, and employee benefits for the Board's employees and \$55 (2016 - \$71) related to honoraria for Board members. The Board reimburses the Department of Finance for these costs.

The Department of Justice provides Liquor Enforcement with legal services without charge. The total cost of these services has been estimated to be \$1 (2016 - \$7). 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 \$37 (2016 - \$52) for salaries, wages, employee benefits including Worker's Compensation and Medical Travel, payable to the Government of the NWT.

# NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2017 (\$000)

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### 7. Contractual obligations

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

2017/18	\$ 29
2018/19	\$ 29
2019/20	\$ 29
2020/21	\$ 2
2021/22	\$ NIL

Annual lease payments for the office premises include estimated operating costs and property taxes.

### 8. Financial instruments

The Board's financial instruments consist of cash due from the NWT Liquor Commission, accounts payable and accrued liabilities, pension and other employee benefits. It is management's opinion that the Board is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of the financial instrument approximates fair value.

**Fuel Services Division**

**Financial Statements**

**March 31, 2017**

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## Fuel Services Division

### Financial Statements

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March 31, 2017

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## **Management's Responsibility for Financial Reporting**

**Minister  
Department of Public Works and Services  
Government of the Northwest Territories**

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

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

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



**Curt Snook, Director  
Fuel Services Division  
Yellowknife, Northwest Territories  
June 9, 2017**

## Independent Auditors' Report

### To the Minister of Public Works and Services Government of the Northwest Territories

We have audited the accompanying financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2017, and the statement of change in net financial resources (debt), the statement of operations, and the statement of accumulated surplus 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 misstatements, whether due to fraud or error.

#### *Auditors' 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 auditors' 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 controls 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 of the effectiveness of the entity's internal controls. An audit also included 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.





### **Independent Auditors' Report (continued)**

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, these financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2017 and the results of its operations and changes in net financial resources (debt) for the year then ended in accordance with Canadian public sector accounting standards.

#### *Report on Other Legal and Regulatory Requirements*

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Fuel Services Division, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of Fuel Services Division.

*Crowe MacKay LLP*

**Yellowknife, Northwest Territories  
June 9, 2017**

**Chartered Professional Accountants**

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**Fuel Services Division****Statement of Financial Position**

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**As at March 31,** **2017** **2016**

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**Financial Assets**

Accounts receivable (note 4)	\$ 8,663,395	\$ 12,202,927
Inventories for resale (note 5)	23,814,641	24,279,582
	<b>32,478,036</b>	<b>36,482,509</b>

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**Liabilities**

Accounts payable and accrued liabilities (note 6)	7,556,451	7,114,495
Employee benefits payable	186,517	239,433
Due to the Government of the Northwest Territories (note 7)	23,940,404	28,519,252
	<b>31,683,372</b>	<b>35,873,180</b>
<b>Net Financial Resources</b>	<b>794,664</b>	<b>609,329</b>

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**Accumulated Surplus** **\$ 794,664** **\$ 609,329**

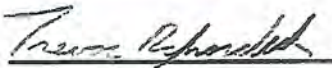
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Commitments (note 13)

Approved:



Curt Snook, Director



Trevor Ryhorchuk, Comptroller

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**Fuel Services Division****Statement of Changes in Net Financial Resources (Debt)**

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<b>March 31,</b>	<b>2017</b>	<b>2016</b>
<b>Annual surplus (deficit)</b>	<b>\$ 185,335</b>	<b>\$ (181,512)</b>
<b>Increase in net financial resources</b>	<b>185,335</b>	<b>(181,512)</b>
<b>Net financial resources (debt), beginning of year</b>	<b>609,329</b>	<b>790,841</b>
<b>Net financial resources, end of year</b>	<b>\$ 794,664</b>	<b>\$ 609,329</b>

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## Fuel Services Division

### Statement of Operations

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For the year ended March 31,	2017	2016
<b>Revenues</b>		
Sales of petroleum products (note 10)	\$ 37,894,392	\$ 53,194,231
<b>Cost of sales</b>		
Cost of goods sold	31,252,475	45,544,854
Commissions	2,592,440	2,557,620
	<b>33,844,915</b>	<b>48,102,474</b>
<b>Gross margin (10.7%, 2016 9.6%)</b>	<b>4,049,477</b>	<b>5,091,757</b>
<b>Expenses</b>		
Bad debts (recovered)	(29,434)	86,113
Contracts and purchased services	704,733	719,091
Inventory write-off	163,529	140,373
Operating and maintenance costs	549,855	467,061
Miscellaneous	55,505	55,340
Salaries, wages and employee benefits	1,951,290	2,066,924
Travel	323,664	362,985
Utilities	477,118	450,699
	<b>4,196,260</b>	<b>4,348,586</b>
<b>Excess (deficiency) of revenues over expenses before other items</b>	<b>(146,783)</b>	<b>743,171</b>
<b>Other revenue (expenses)</b>		
Other expenses (revenue) (note 8)	332,118	(924,683)
Grant-in-kind, Government assets provided at no cost (note 9)	2,702,444	2,193,257
Financing charges (note 9)	(299,252)	(332,478)
Tangible capital assets - rent expenses (note 9)	(2,403,192)	(1,860,779)
	<b>332,118</b>	<b>(924,683)</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 185,335</b>	<b>\$ (181,512)</b>

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## Fuel Services Division

### Statement of Accumulated Surplus

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<b>March 31,</b>	<b>2017</b>	<b>2016</b>
Accumulated surplus, beginning of year	\$ 609,329	\$ 790,841
Annual surplus (deficit)	185,335	(181,512)
<b>Accumulated surplus, end of year</b>	<b>\$ 794,664</b>	<b>\$ 609,329</b>

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 1. Authority and Operations

Fuel Services Division revolving fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories Financial Administration Act. The Fuel Services Division of the Department of Public Works and Services 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 current liability due to the Government of the Northwest Territories.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed \$1,000,000 at the end of any fiscal year. The balance in the Stabilization Fund at March 31, 2017 is a surplus of \$794,664 (2016 - surplus of \$609,329).

#### 2. Significant accounting policies

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

##### (a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

##### (b) Tangible capital assets

Tangible capital assets are the property of the Government of the Northwest Territories and accordingly are not reported on the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 9.

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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

##### (c) Services provided without charge

###### **Environmental restoration costs**

The Fund does not record any future environmental restoration costs, as they are the responsibility of the Government of the Northwest Territories.

###### **Other 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 and internal audit services, as it is difficult to estimate them.

##### (d) Employee benefits

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

##### (e) Inventory

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

##### (f) Pensions

The Fund and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$135,520 (2016 - \$147,514) to the plan which was recognized as an expense while employees contributed \$146,973 (2016 - \$118,675). These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

##### (g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites.

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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

##### (h) 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. Other revenue is recognized as goods are delivered or services are provided.

##### (i) Financial instruments

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

This category includes accounts receivable, accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

##### (j) Related party balances

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (i).

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



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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 3. Future changes to significant accounting policies

##### **Related party disclosures, Section PS 2200**

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

##### **Inter-entity Transactions, Section PS 3420**

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management.

##### **Assets, Section PS 3210**

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

##### **Contingent Assets, Section PS 3320**

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 3. Future changes to significant accounting policies (continued)

##### Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

##### Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

The impact of the transition to this accounting standard has not yet been determined.

#### 4. Accounts receivable

	2017	2016
Non-Government	\$ 1,313,193	\$ 2,605,147
Government of Canada	10,597	(2,486)
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	823	2,350
Health and Social Services Authorities	6,202	7,214
Northwest Territories Housing Corporation	1,067,921	927,161
Northwest Territories Power Corporation	4,979,184	7,002,389
Tlicho Community Services Agency	766	2,768
Departments		
Department of Education, Culture, and Employment	165,281	238,768
Department of Environment and Natural Resources	1,788	2,976
Department of Public Works and Services	236,919	279,953
Department of Transportation	14,657	18,106
Local (Municipalities, Community Governments)	866,064	1,171,609
	<b>8,663,395</b>	12,255,955
Less: Allowance for doubtful accounts	-	53,028
	<b>\$ 8,663,395</b>	<b>\$ 12,202,927</b>

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 5. Inventories for resale

	2017	2016
Diesel	\$ 17,556,273	\$ 20,151,945
Gasoline	3,764,581	3,446,070
Jet A1	2,408,769	632,849
Naphtha	85,018	48,718
	<b>\$ 23,814,641</b>	<b>\$ 24,279,582</b>

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Inventory in the amount of \$31,252,475 (2016 - \$45,544,854) was expensed during the year.

#### 6. Accounts payable and accrued liabilities

	2017	2016
Non-Government	\$ 7,251,699	\$ 5,542,598
Government of Canada	248,201	535,524
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	64,342	1,015,292
Northwest Territories Energy Corporation	-	4,901
Departments		
Department of Finance	-	12,420
Department of Public Works and Services	(7,969)	3,582
Department of Transportation	178	178
	<b>\$ 7,556,451</b>	<b>\$ 7,114,495</b>

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#### 7. Due to the Government of the Northwest Territories - revolving fund

The amount due to the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	2017	2016
Balance, beginning of year	\$ 28,519,252	\$ 32,827,745
Plus: Payments made by the Government		
Purchases of petroleum products	33,379,973	45,928,640
Other cash disbursements	3,807,221	2,938,362
Less: cash received from the Government	(41,766,042)	(53,175,495)
Balance, end of year	<b>\$ 23,940,404</b>	<b>\$ 28,519,252</b>

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 8. Other revenues (expenditures)

Other expenditures (revenues) are transactions that generally occur outside of normal operations. They are composed of transactions that have a flow-through effect such as a direct expenditure that is fully charged back to another party, as well as one-time transactions. Other transactions can include charge back revenue where the revenue is not directly related to expenditures, and other miscellaneous revenue transaction such as returned cheque fees.

The transactions consist of the following:

	2017
Other revenue:	
Barge resupply contract settlement	\$ 299,985
Recovery of prior year expenditures	6,918
Other	25,215
	<b>\$ 332,118</b>

#### 9. Grant in kind

##### Financing charges

Management estimated that the Fund required up to \$30 million in working capital with an estimated financing cost of \$299,252 for the year. (For 2016 they were \$45 million and \$332,478 respectively). The financing cost is based upon the average monthly balance due to the Government at a month rolling average interest rate for the Government of the prime corporate rate + 0.35% per annum.

##### Tangible capital assets - rent expenses

Tangible capital assets, i.e. fuel storage facilities and fuel delivery vehicles, are owned by the Government of the Northwest Territories. Tangible capital assets are amortized over the estimated useful life of the assets at the following rates and the expense is recognized as rent:

Buildings	40 years straight line, no salvage
Fuel storage facilities	30 years straight line, no salvage
Fuel delivery vehicles	10 years straight line, no salvage

	Cost	Accumulated Amortization	2017	2016
Fuel storage facilities	\$ 61,563,158	\$ 25,824,026	\$ 35,739,132	\$ 37,391,475
Fuel delivery vehicles	4,257,891	2,907,831	1,350,060	1,550,730
Construction in process	127,287	-	127,287	127,287
Buildings	870,138	64,246	805,892	457,733
Assets under capital lease	1,374,941	532,235	842,706	-
	<b>\$ 68,193,415</b>	<b>\$ 29,328,338</b>	<b>\$ 38,865,077</b>	<b>\$ 39,527,225</b>

Amortization expense for 2017 is \$2,403,192 (2016 - \$1,860,779).

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 10. Sales of Petroleum Products

	2017	2016
Non-Government	\$ 8,882,725	\$ 9,901,961
Government of Canada	94,200	153,510
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	10,356	8,990
Health and Social Services Authorities	45,845	51,087
Northwest Territories Housing Corporation	2,617,421	2,724,755
Northwest Territories Power Corporation	20,489,669	34,330,068
Tlicho Community Services Agency	8,388	12,469
Departments		
Department of Education, Culture, and Employment	684,768	634,671
Department of Environment and Natural Resources	18,371	36,724
Department of Public Works and Services	1,596,303	1,756,658
Department of Transportation	54,984	45,770
Local (Municipalities, Community Governments)	3,391,362	3,537,568
	<b>\$ 37,894,392</b>	<b>\$ 53,194,231</b>

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#### 11. Statement of Cash Flows

A statement of cash flows has not been presented as these financial statements report the transactions within the revolving fund of the Government of the Northwest Territories (GNWT). The cash received and payments made by the GNWT on behalf of this Fund are reported in Note 7.

#### 12. Related party transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government of the Northwest Territories departments, agencies and Crown Corporations. The Fund enters into transactions with these entities in the normal course of business, with the exception of the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government of the Northwest Territories, NTPC is charged the weighted average cost of petroleum products consumed.

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 13. Commitments

##### Fuel resupply contracts

The Government has entered into contracts with Bluewave Energy Ltd., AFD Petroleum Inc., and Flight Fuels LP for the supply and transportation of bulk petroleum destined for delivery to communities served by road by tanker truck; the carrier for these contracts is Bassett Petroleum Ltd. There are varying contracts with different termination dates; the earliest contract terminates in August 2017 and the latest contract terminates in September 2018.

##### Community fuel delivery contracts

The Government 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 \$20,070,746 as follows:

2018	\$ 12,968,037
2019	5,918,000
2020	727,375
2021	425,000
2022	32,334
	<hr/>
	<b>\$ 20,070,746</b>

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The Fund paid \$2,592,440 (2016 - \$2,557,620) in commissions to local contractors in the 16 communities that they serve.

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**Fuel Services Division**

**Notes to the Financial Statements**

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**March 31, 2017**

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**14. 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. In addition, it is the objective of management that the debit or credit amount in the Stabilization Fund shall not exceed \$1,000,000 at the end of any fiscal year.

(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 however there has been a change in the policies, procedures, and methods to manage the risk as in the prior year the Fund used derivatives to hedge other price risk and in the current year the Fund did not use derivatives.

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2017

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#### 14. 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 financial assets for a total of \$8,663,395 (2016 - \$12,202,927). Financial assets consist of accounts receivable. All financial assets are considered current and mature within 6 months. At March 31, 2017, the Fund's management has determined that no portion of accounts receivable is 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, 2017, receivables from three customers comprised 73% of the total outstanding accounts receivables (2016 - 59%). 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.

##### (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 \$31,683,372 (2016 - \$35,873,180). 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.

#### 15. Comparative figures

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



**PUBLIC STORES REVOLVING FUND**

**FOR THE YEAR ENDED MARCH 31, 2017**

**Schedule of Public Stores Revolving Fund Inventories  
for the year ended March 31, 2017**

Public Stores	Balance March 31, 2016	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2017
Yellowknife	136,278			0		136,278
	SAM	127,094	(127,268)		0	(174)
	136,278	127,094	(127,268)	0	0	136,104

Prepared By: Sharon Cormier

Approved By: 

KM.

**Environment Fund**

**Financial Statements**

**March 31, 2017**

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**Environment Fund****Financial Statements**

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**March 31, 2017**

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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. 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.

*for*   
\_\_\_\_\_  
Dr. Joe Dragon, Deputy Minister  
Department of Environment and Natural Resources

  
\_\_\_\_\_  
Susan Craig, Director, Corporate Services,  
Department of Environment and Natural Resources

July 6, 2017

## Independent Auditors' Report

### To the Minister of the Environment Fund - Department of Environment and Natural Resources

We have audited the accompanying financial statements of the Environment Fund, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in fund balances 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 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.

#### *Auditors' 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 auditors' 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 auditors consider internal control relevant to the Fund'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 Fund'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 qualified audit opinion.



## Independent Auditors' Report (continued)

### *Basis for Qualified Opinion*

The Environment Fund relies on reports prepared by distributors, processing centres and depots for the recording of beverage container program revenues, depot handling fees, processing fees and refundable deposits. The reports provided by distributors, processing centres and depots are not independently verifiable, and consequently, our review of these accounts was limited to the amounts reported on the filed claims. As a result we are unable to determine if adjustments would be required to revenues, expenditures, accounts receivable, accounts payable or fund balances.

Wages and benefits 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 expenditures, liabilities and fund balances.

### *Qualified Opinion*

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Environment Fund as at March 31, 2017 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Yellowknife, Canada  
July 6, 2017

A handwritten signature in black ink that reads "Crowe MacKay LLP".

Chartered Professional Accountants

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## Environment Fund

### Statement of Operations

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For the year ended March 31,	2017	2016
<b>Revenues</b>		
Beverage Container Program (schedule 1)	\$ 5,763,589	\$ 5,363,831
Electronics Recycling Program (schedule 2)	153,654	30,000
Other Programs and Initiatives (schedule 3)	680,996	694,312
	6,598,239	6,088,143
<b>Other revenue</b>		
Beverage Container Program (schedule 1)	37,135	32,677
	6,635,374	6,120,820
<b>Expenditures</b>		
Beverage Container Program (schedule 1)	5,027,691	5,337,910
Electronics Recycling Program (schedule 2)	171,142	159,199
Other Programs and Initiatives (schedule 3)	976,105	1,053,634
	6,174,938	6,550,743
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 460,436	\$ (429,923)

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**Environment Fund****Statement of Changes in Fund Balances**

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**For the year ended March 31, 2017**

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	<b>Unrestricted</b>	<b>Equipment replacement reserve</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>Balance, beginning of year</b>	<b>\$ 1,590,674</b>	<b>\$ 505,859</b>	<b>\$ 2,096,533</b>	<b>\$ 2,526,456</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>460,436</b>	<b>-</b>	<b>460,436</b>	<b>(429,923)</b>
<b>Transfers (Note 2c)</b>	<b>(11,917)</b>	<b>11,917</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 2,039,193</b>	<b>\$ 517,776</b>	<b>\$ 2,556,969</b>	<b>\$ 2,096,533</b>

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**Environment Fund**

**Statement of Financial Position**

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March 31, 2017 2016

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**Assets**

Accounts receivable (note 5)	\$ 984,151	\$ 1,143,085
Due from Treasury (note 6)	2,780,577	2,153,279
Loans receivable (note 7)	22,500	472
	<u>\$ 3,787,228</u>	<u>\$ 3,296,836</u>

**Liabilities**

Accounts payable and accrued liabilities	\$ 389,438	\$ 427,115
Unredeemed container liability (note 8)	840,821	773,188
	<u>1,230,259</u>	<u>1,200,303</u>

**Fund balances**

Unrestricted	2,039,193	1,590,674
Equipment replacement reserve	517,776	505,859
	<u>2,556,969</u>	<u>2,096,533</u>
	<u>\$ 3,787,228</u>	<u>\$ 3,296,836</u>

Nature of operations (note 1)

Contingent liabilities (note 4)

Approved on behalf of the Fund:

Jan Kelly for Deputy Minister

Joan Gair Director, Corporate Services

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2017

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#### 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 Environment 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

There are three programs that operate under the Environment Fund. The first program, the Beverage Container Program was implemented on November 1, 2005. The second program that came into effect was the Single-use Retail Bag Program, established on January 15, 2010. The Electronics Recycling Program became the third program that was established under the Environment Fund and was implemented on February 1, 2016. Administration of the three programs rests with the Chief Environmental Protection Officer appointed under the Environmental Protection Act.

The Department of Environment and Natural Resources advised it will be examining other waste reduction and recovery programs that could, in the future, become part of the Fund.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2017

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#### 2. Significant accounting policies

The Fund follows Canadian public sector accounting standards for not-for-profit organizations in preparing its financial statements. 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 are recognized when beverage containers, single use retail bags or electronics are sold by distributors to retailers. Recoveries are recognized when funds are received. Salvage revenue from recycled materials are recognized when cash is received from the sale of aluminum and plastic.

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.

##### (b) Capital assets

The equipment managed by the fund is not included in these financial statements as they are not the capital assets of the Fund, they are held by the Department of Environment and Natural Resources.

##### (c) Reserve funds

Restrictions have been placed on surplus to reserve funds for future operations:

Equipment replacement reserve - an amount equal to 1/10 of the cost of capital equipment, including capital equipment purchased with start-up funds, has been reserved annually for future replacements of capital equipment. The 2017 transfer is \$11,917 (2016 - \$11,917). This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

##### (d) Contributed services

The Department of Environment and Natural Resources maintains the accounts of the Environment Fund. The costs associated with administering and maintaining the accounts are not reflected in these financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2017

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

##### (e) Start-up funding

The Department of Environment and Natural Resources received \$1,143,000 in start-up funding from the Government of the Northwest Territories to cover the costs of implementing the Beverage Container Program. The start-up costs, which were incurred before the Beverage Container Program came into force on November 1, 2005, are not reflected in the financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

##### (f) Cash flow statement

As the Fund does not maintain a bank account, but rather receives working capital advances and finances accounts receivable and operating expenses through the Government's Consolidated Revenue Fund (the "CRF"); a statement of cash flows has not been presented.

##### (g) Financial instruments

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

This category includes accounts receivable, loans receivable, due from treasury, accounts payable and accrued liabilities, and unredeemed container liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

##### (h) 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2017**

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#### **3. Future changes to significant accounting policies**

##### **Related party disclosures, Section PS 2200**

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

##### **Assets, Section PS 3210**

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

##### **Contingent Assets, Section PS 3320**

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

##### **Contractual Rights, Section PS 3380**

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2017

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3. **Future changes to significant accounting policies (continued)**

**Inter-entity Transactions, Section PS 3420**

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

4. **Contingent liabilities**

There is one outstanding claim that is pending against the Fund. The likelihood or amount, if any, cannot be reasonably determined and as such no liability has been accrued in these financial statements.

5. **Accounts receivable**

	2017	2016
Accounts receivable	\$ 733,626	\$ 747,498
Due from GNWT - Department of Environment and Natural Resources	76,603	80,505
Due from NWT Liquor Commission	173,922	315,082
	<u>\$ 984,151</u>	<u>\$ 1,143,085</u>

6. **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 in money market securities. The monies for these investments flow out of the Consolidated Revenue Fund and do not affect the cash balances of the participants. The investment pool revenues are prorated and allocated to the participants.

7. **Loan receivable**

The Fund loaned one bottle depot operator funds to be used to pay persons returning empty beverage containers to the depots. The outstanding loan is a non-interest bearing loan with an amount currently outstanding of \$22,500 and is repayable in monthly installments of \$2,500. The loan is due on December 31, 2017.

As the full amount of the loans receivable is due within one year, it has been classified as current as at March 31, 2017.

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2017**

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**8. Unredeemed container liability**

The unredeemed container liability is an amount that is equal to 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. It was derived per the policy that the Government of the Northwest Territories specified.

**9. Expense allocation**

Wages and benefits for all programs and initiatives have been reported on Schedule 3 - Other Programs and Initiatives.

**10. Comparative figures**

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

**11. Related party transactions**

The Fund receives human resource management, legal services and risk management from the Government of the Northwest Territories without charge.

The Fund also receives management services from the Department of Environment and Natural Resources, as outlined in Note 2(d).

**12. 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.



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## Environment Fund

### Notes to the Financial Statements

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March 31, 2017

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#### 12. Financial instruments (continued)

##### (a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable, loans receivable, and due from Treasury.

Accounts receivable are due from participating distributors of the Beverage Container Program, the Single-use Retail Bag Program and the Electronics Recycling Program. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of \$1,008,015 (2016 - \$1,143,557). All financial assets are considered current.

##### Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (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, 2017, receivables from three customers comprised 50% of the total outstanding accounts receivables (2016 - 55%). The Fund reduces this risk by monitoring overdue balances.

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**Environment Fund****Schedules to the Financial Statements**

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**For the year ended March 31,**

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**Schedule of Beverage Container Program** **Schedule 1**

	2017	2016
<b>Revenue</b>		
Beverage Container Program Fees	\$ 5,491,235	\$ 5,075,248
Recoveries	325	4,694
Salvage	272,029	283,889
	<b>5,763,589</b>	<b>5,363,831</b>
<b>Other revenue</b>		
Interest revenue	37,135	32,677
	<b>5,800,724</b>	<b>5,396,508</b>
<b>Expenditures</b>		
Advertising and promotion	9,879	46,603
Contract service - satellite depot	116,240	110,766
Depot handling fee	886,557	677,034
Equipment, supplies and maintenance	141,536	104,640
Freight	339,640	345,385
Grants and contributions	90,321	44,711
Insurance	12,106	12,314
Memberships	10,486	6,030
Office	2,598	8,963
Processing centre handling fee	575,377	611,731
Professional fees	2,480	10,648
Quality control fees	38,500	-
Refundable deposit fees	2,695,070	3,252,653
Storage	62,001	81,790
Travel and training	44,900	24,642
	<b>5,027,691</b>	<b>5,337,910</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 773,033</b>	<b>\$ 58,598</b>

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**Environment Fund****Schedules to the Financial Statements**

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**For the year ended March 31,**

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**Schedule of Electronics Recycling Program****Schedule 2**

	2017	2016
<b>Revenue</b>		
Electronics Recycling Program Fees	\$ 130,866	\$ 30,000
Recoveries	22,789	-
	<b>153,654</b>	<b>30,000</b>
<b>Expenditures</b>		
Advertising and promotion	11,841	23,784
Depot, processing centre and recycling fees	85,069	87,070
Equipment, supplies and maintenance	298	-
Freight	14,876	3,152
Office	104	-
Professional fees	53,003	36,224
Storage	4,100	8,660
Travel and training	1,851	309
	<b>171,142</b>	<b>159,199</b>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (17,488)</b>	<b>\$ (129,199)</b>

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**Environment Fund****Schedules to the Financial Statements**

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**For the year ended March 31,**

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**Schedule of Other Programs and Initiatives****Schedule 3**

	2017	2016
<b>Revenue</b>		
Single-use Retail Bag Program Fees	\$ 655,892	\$ 646,586
Recoveries	25,105	47,725
	<b>680,996</b>	<b>694,312</b>
<b>Expenditures</b>		
Advertising and promotion	11,241	8,603
Grants and contributions	83,130	158,855
Office	1,138	2,321
Professional fees	20,399	54,276
Travel and training	835	11,782
Wages and benefits	859,362	817,797
	<b>976,105</b>	<b>1,053,634</b>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (295,110)</b>	<b>\$ (359,322)</b>

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**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND  
Yellowknife, NT**

**FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The Accounting firm of Ashton Chartered Accountants has provided an independent objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian accounting standards for pension plans. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.


Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of accrued pension benefits of the board.

On behalf of the Board of Management:



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Jackson Lafferty, Speaker



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Tim Mercer, Clerk

May 29, 2017

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Legislative Assembly Retiring Allowance Fund

We have audited the accompanying financial statements of the Legislative Assembly Retiring Allowance Fund, which comprise the statement of financial position as at March 31, 2017 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.

### Management's Responsibility for the Financial Statements

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

### 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 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.

*(continued)*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Legislative Assembly Retiring Allowance Fund as at March 31, 2017 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian generally accepted accounting standards for pension plans.

The logo for Ashton Chartered Accountants, featuring the word "Ashton" in a stylized, handwritten-style font.

Hay River, Northwest Territories  
May 29, 2017

Ashton Chartered Accountants

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**STATEMENT OF FINANCIAL POSITION**  
March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts Receivable (Note 3)	\$ 6,500	\$ 6,000
Accrued Interest Income	<u>18,317</u>	<u>28,035</u>
	24,817	34,035
<b>INVESTMENTS</b> (Note 4)	<u>23,625,184</u>	<u>22,601,066</u>
	<u>\$ 23,650,001</u>	<u>\$ 22,635,101</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts Payable	<u>\$ 58,393</u>	<u>\$ 37,436</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b> per page 2	23,591,608	22,597,665
<b>PENSION OBLIGATIONS</b> per page 3 (Note 5)	<u>19,247,800</u>	<u>18,436,500</u>
<b>PENSION PLAN FUND SURPLUS</b>	<u>\$ 4,343,808</u>	<u>\$ 4,161,165</u>

**APPROVED**

  
 \_\_\_\_\_ Speaker  
  
 \_\_\_\_\_ Clerk

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>INCREASE IN ASSETS</b>		
<b>Contributions:</b>		
Members	218,421	202,968
In-Kind Contributions	<u>6,500</u>	<u>6,000</u>
	<u>224,921</u>	<u>208,968</u>
<b>Investment Income:</b>		
Other Receipts	-	829
Interest	335,191	350,070
Dividends	273,333	372,144
Gain on Sale of Investments	<u>1,125,716</u>	<u>1,916,343</u>
	1,734,240	2,639,386
Current Period Change in Fair Values of Investments	<u>203,121</u>	<u>(2,936,979)</u>
Net Investment Income	<u>1,937,361</u>	<u>(297,593)</u>
Total Increase in Assets	<u>2,162,282</u>	<u>(88,625)</u>
<b>DECREASE IN ASSETS</b>		
Benefits		
Pension Payments	965,338	836,555
Termination/Lump sum Payments	<u>-</u>	<u>2,511,123</u>
Total Benefits	<u>965,338</u>	<u>3,347,678</u>
Administrative		
Actuary Fees	59,629	33,868
Audit Fees	6,500	6,000
Investment Management Fees	85,753	77,236
Meeting Travel & Accommodation	20,177	1,884
Trustee Fees	<u>30,942</u>	<u>34,603</u>
Total Administrative	<u>203,001</u>	<u>153,591</u>
Total Decrease in Assets	<u>1,168,339</u>	<u>3,501,269</u>
<b>INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 993,943</b>	<b>\$ (3,589,894)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>BEGINNING OF YEAR</b>	<u>22,597,665</u>	<u>26,187,559</u>
<b>END OF YEAR</b>	<u>\$ 23,591,608</u>	<u>\$ 22,597,665</u>

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**STATEMENT OF CHANGES IN PENSION OBLIGATIONS**  
For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>INCREASE IN PENSION OBLIGATIONS</b>		
Interest accrued on benefits	\$ 894,700	\$ 920,400
Benefits accrued	729,800	813,000
Experience loss	<u>150,800</u>	<u>-</u>
	<u>1,775,300</u>	<u>1,733,400</u>
 <b>DECREASE IN PENSION OBLIGATIONS</b>		
Benefits Paid	\$ 964,000	\$ 3,318,000
Experience gains	<u>-</u>	<u>-</u>
	<u>964,000</u>	<u>3,318,000</u>
<b>INCREASE (DECREASE) IN PENSION OBLIGATIONS</b>	811,300	(1,584,600)
 <b>PENSION OBLIGATIONS, BEGINNING OF YEAR</b>	 <u>18,436,500</u>	 <u>20,021,100</u>
<b>PENSION OBLIGATIONS, END OF YEAR</b>	<u>\$ 19,247,800</u>	<u>\$ 18,436,500</u>
 <b>AS REPRESENTED BY</b>		
Active Members	\$ 3,549,600	\$ 5,723,900
Pensioners & Terminated Members	<u>15,698,200</u>	<u>12,712,600</u>
	<u>\$ 19,247,800</u>	<u>\$ 18,436,500</u>

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**1. DESCRIPTION OF PLAN**

**a) General**

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act (NWT) and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

**1) Funding Policy**

The Legislative Assembly Retiring Allowance (NWT) Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held.

The Legislative Assembly Retiring Allowances Act (NWT) requires Plan members to contribute 6.5% of their pensionable remuneration and earnings to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

**2) Normal Retirement Age**

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**1. DESCRIPTION OF PLAN - cont'd**

**3) Retirement Pension**

Two percent of the average best total earnings over four years multiplied by Credited Services as a Member

Note that prior to the amendment in 2011, the retirement pension was determined as follows:

Two percent of the average best earnings over four years as an MLA multiplied by Credited Services as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

**4) Early Retirement**

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

**5) Late Retirement**

Up to age 71.

**6) Maximum Allowance**

For benefits earned after 1991, the annual retirement pension payable shall not exceed the 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.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**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.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

**b) Investments**

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

**c) Fair value hierarchy**

The company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value



**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**d) Pension obligations**

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

**e) Revenue recognition**

Revenue from contributions and investment income are recognized on an accrual basis.

**f) Contributed services**

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

**g) Pension benefits**

Pension benefits are shown as expenses in the year of payment.

**h) Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**3. ACCOUNTS RECEIVABLE**

	2017	2016
Member Contributions	\$ -	\$ -
In-Kind Contributions- GNWT	6,500	6,000
	\$ 6,500	\$ 6,000

In-kind contributions arise from the payment of audit fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value

**4. INVESTMENTS**

The Plan's investments are categorized according to the fair value hierarchy as follows:

	Cost	2017 Market	Cost	2016 Market
Cash & Cash Equivalents	43,058	43,058	101,611	101,611
Canadian Equity Mutual Funds	4,478,827	4,717,588	3,638,830	3,665,557
International Equity Mutual Funds	5,505,149	7,536,598	6,343,867	7,702,769
Temporary Investments	84,851	84,851	56,290	56,290
Canadian Fixed Income Funds	8,805,046	8,536,848	7,844,897	7,755,233
Government of Canada Bonds	1,882,906	2,112,521	1,993,345	2,719,121
Province of Ontario Bonds	430,653	593,720	430,653	600,485
	\$ 21,230,490	\$ 23,625,184	\$ 20,409,493	\$ 22,601,066

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.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**4. INVESTMENTS, continued**

The fair value hierarchy as described in not 2(c) requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The total investment portfolio by fair value hierarchy is as follows:

	2017	2016
Level 1	\$ 23,625,184	\$ 22,601,066

**5. OBLIGATIONS FOR PENSION BENEFITS**

The actuarial present value of accrued pension benefits was determined by Aon Hewitt, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016.

The data and assumptions used for the March 31, 2017 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2016.

The actuarial liability and cost of benefits accruing after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method.

The following were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2017	2016
Valuation Interest Rate (net of expenses)	4.75%	4.80%
Remuneration Projection Rate	2.00%	2.25%
Interest Credited on Contributions	4.75%	4.80%
Inflation Rate	2.00%	2.25%

In addition to the changes in assumptions above, the mortality table changed from the 1994 Uninsured Pensioner Mortality projected on a generational basis to the 2014 Canadian Pensioner's Mortality Table combined with mortality improvement scale CPM-B.

In combination, these changes in assumptions increased the accrued liability by \$2,602,000 and the current service cost by \$136,900.

The actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**5. OBLIGATIONS FOR PENSION BENEFITS, continued**

The latest actuarial valuation was conducted for the period April 1, 2016 and the related report completed in January 2017. The next actuarial valuation will be completed for April 1, 2020.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2017 has been obtained using a measurement date of January 31, 2017 by increasing the April 1, 2016 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

**6. FINANCIAL INSTRUMENTS**

The Fund's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of accounts receivable, accrued interest income and accounts payable. The fair value of these other financial instruments approximates their carrying values.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as a basic risk-management tool for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent to which is discussed below:

**a) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings to investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies, have underlying foreign currency exposure. This exposure lies principally within foreign equity funds. The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

**b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate, currency, and other price risk. The extent of market risk exposure is dependent on the nature of the investment.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended March 31, 2017

**6. FINANCIAL INSTRUMENTS, continued**

**c) Credit risk**

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

**d) Concentration risk**

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

**e) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The government of Northwest Territories (GNWT), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan should they occur.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**6. FINANCIAL INSTRUMENTS, continued**

**f) Interest rate risk**

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates. The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole. Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

**g) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended March 31, 2017

**7. CAPITAL MANAGEMENT**

The purpose of the Fund is to provide benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Fund with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments. The capital of the Fund consists of its surplus. Excluding the impact of investment income, the Fund is financed through member contributions. The surplus represents the difference between the net assets available for benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Fund's capital, are performed every four years following the general election. Surpluses, as well as other relevant aspects of the Plan, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the PBSA.

As at March 31, 2017, the Plan is not in violation of any externally imposed legal or regulatory requirements.

**8. AUTHORIZATION**

On May 29, 2017, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2017.

**THE NATURAL RESOURCES  
CONSERVATION TRUST FUND**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the year ended March 31, 2017



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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.

Director, Corporate Services

June 25, 2017



# AVERY COOPER & CO. LTD.

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Natural Resources Conservation Trust Fund, which comprise the Statement of Financial Position as at March 31, 2017, and the Statements of Operations and Changes in Net Assets 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 of these financial statements in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("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.

### *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 Fund'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 Fund'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 of The Natural Resources Conservation Trust Fund as at March 31, 2017, and the results of its operations for the year then ended are prepared, in all material respects, in accordance with Act.



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

**INDEPENDENT AUDITOR'S REPORT, continued**

*Basis of Accounting*

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund to meet the requirements of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

*Avery Cooper & Co. Ltd.*

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

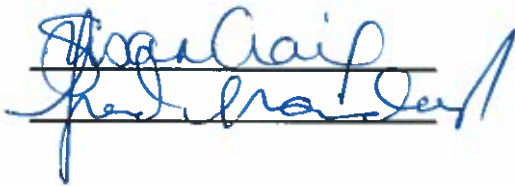
June 25, 2017

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## STATEMENT OF FINANCIAL POSITION March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	<u>\$ 235,806</u>	<u>\$ 235,981</u>
<b>LIABILITY</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	<u>\$ 2,500</u>	<u>\$ 2,000</u>
<b>FUND BALANCES</b>		
<b>CAPITAL PORTION</b> per page 3	187,828	187,828
<b>INTEREST PORTION</b> per page 3	<u>45,478</u>	<u>46,153</u>
	<u>233,306</u>	<u>233,981</u>
	<u>\$ 235,806</u>	<u>\$ 235,981</u>

Approved:



# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Interest income	\$ 2,450	\$ 2,555
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Professional fees	<u>3,125</u>	<u>2,000</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ (675)</u>	<u>\$ 555</u>

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2017

	<u>Capital Portion</u>	<u>Interest Portion</u>	<u>Total 2017</u>	<u>Total 2016</u>
<b>BALANCE, opening</b>	\$ 187,828	\$ 46,153	\$ 233,981	\$ 233,426
(Deficiency) excess of revenues over general and administrative expenses per page 2	<u>-</u>	<u>(675)</u>	<u>(675)</u>	<u>555</u>
<b>BALANCE, closing</b>	<u>\$ 187,828</u>	<u>\$ 45,478</u>	<u>\$ 233,306</u>	<u>\$ 233,981</u>

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 1. NATURE OF OPERATIONS

The Natural Resources Conservation Trust Fund was established under the Natural Resources Conservation Trust Act of the Northwest Territories. 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 was appointed by the Minister of Resources, Wildlife and Economic Development, Government of the Northwest Territories (GNWT). Commencing April 1, 2005, the responsibilities were transferred to the Minister of Environmental and Natural Resources to administer the Fund.

The Fund is established as a Special Purpose Fund as defined under subsection 20(1) of the Financial Administration Act (NWT). As such, the Fund is a part of the Consolidated Revenue Fund of the GNWT.

### 2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Natural Resources Conservation Trust Act of the Northwest Territories. The significant policies are detailed as follows:

#### (a) Fund accounting

In accordance with the Act, the Fund is administered into two portions, the Capital portion, and the Interest portion.

##### *Capital portion*

The Capital portion consists of donations, bequests and other payments for deposit accepted by the Board. The Board may not make payments from the capital portion without prior approval of the Minister unless the payment is for designated purpose that has been specified by the benefactor. There are no designated funds in the capital portion of the Fund.

##### *Interest portion*

The Interest portion consists of interest earned by the Fund. The Financial Management Board fixes the rate of interest earned by the Fund. The Board of Trustees may make payments from the Interest portion of the Fund to persons, groups and programs.



# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### (b) Revenue recognition

The Fund follows the deferral method of accounting for contributions. Contributions subject to conditions are recognized as revenue in the year in which the related expenses are incurred. The Board of Trustees may accept donations, bequests or payments that are subject to conditions if the conditions are, in the opinion of the Board, appropriate to the purposes of the Fund. Where the Board accepts such items that are subject to conditions, the Board is bound to comply with those conditions.

Contributions not subject to conditions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

#### (c) Contributed materials and services

The Department of Environment and Natural Resources maintains the Fund's accounts. The cost of administering the Fund are borne by the Department. The Fund has elected not to recognize contributed materials and services in these financial statements.

#### (d) Expenses

Payments from the Interest portion and the Capital portion of the Fund are recognized as expenses in the period in which the events giving rise to the payment occurred, as long as the payment is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. All other expenses are recognized on an accrual basis.

### 3. FINANCIAL INSTRUMENTS

#### 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, market, liquidity or credit risks from these financial instruments. The carrying value of these instruments approximates their fair value.

**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, 2017**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories 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. 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 for the Northwest Territories 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 Public Trustee Act.

It is the responsibility of the auditors to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

### Public Trustee for the Northwest Territories

June 14, 2017



Brian J. Asmundson  
Public Trustee



# AVERY COOPER & CO. LTD.

Chartered Professional Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Commissioner

### Report on the Financial Statements

We have audited the accompanying financial statements of the Office of the Public Trustee for the Northwest Territories, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Operations, and the Statement Changes in Estate & Trust Fund Balance 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 of these financial statements in accordance with the *Public Trustee Act* of the Northwest Territories ("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.

### *Auditors' 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 auditors' 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 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 of 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 of the Office of the Public Trustee for the Northwest Territories for the year ended March 31, 2017 are prepared, in all material respects, in accordance with the Act.

### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Office of the Public Trustee for the Northwest Territories to meet the requirements of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

### Report on Other Legal and Regulatory Requirements

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Public Trustee.

*Avery, Cooper & Co. Ltd.*

Avery Cooper & Co. Ltd.  
Chartered Professional Accountants

Yellowknife, NT  
June 14, 2017



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

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES  
ESTATE & TRUST FUND**

**BALANCE SHEET  
March 31, 2017**

**ASSETS**

	<u>2017</u>	<u>2016</u>
Cash (Note 3)	\$5,526,965	\$5,605,479
Other assets at nominal value (Note 2b)	<u>1</u>	<u>1</u>
	<u>\$5,526,966</u>	<u>\$5,605,480</u>

**NET ASSETS**

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 35,274	\$ 26,741
Public Trustee Management Fund (Note 6)	20,893	30,643
Estate & Trust Fund per Statement III (Note 5)	<u>5,470,799</u>	<u>5,548,096</u>
	<u>\$5,526,966</u>	<u>\$5,605,480</u>

**APPROVED:**

*Bryan J. Asmundson*

Public Trustee for the Northwest Territories

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES  
ESTATE & TRUST FUND**

**STATEMENT OF OPERATIONS**  
For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<b>Undistributed Common Fund earnings, opening</b>	<u>\$ 26,741</u>	<u>\$ 34,308</u>
Add		
Common Fund earnings	<u>55,429</u>	<u>60,034</u>
Less		
Interest paid to estates and trusts (Statement III)	46,896	52,204
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	<u>-</u>	<u>15,397</u>
	<u>46,896</u>	<u>67,601</u>
<b>Increase (decrease) in Undistributed Common Fund earnings balance</b>	<u>8,533</u>	<u>(7,567)</u>
<b>Undistributed Common Fund earnings, closing</b>	<u>\$ 35,274</u>	<u>\$ 26,741</u>

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, 2017

	<u>2017</u>	<u>2016</u>
<b>Estate &amp; trust funds provided:</b>		
Estate and trust assets received	\$ 1,609,207	\$ 1,372,084
Common Fund interest paid to estates and trusts (Statement II)	<u>46,896</u>	<u>52,204</u>
	<u>1,656,103</u>	<u>1,424,288</u>
<b>Estate &amp; trust funds applied:</b>		
Payments to beneficiaries	678,528	955,805
Disbursements made on behalf of estates and trusts	948,645	861,862
Administration fees (Note 2c)	99,844	124,957
GST on Administration fees	4,992	6,248
Court fees	<u>1,391</u>	<u>1,674</u>
	<u>1,733,400</u>	<u>1,950,546</u>
<b>Decrease in Estate &amp; Trust Fund balance</b>	<b>(77,297)</b>	<b>(526,258)</b>
<b>Estate &amp; Trust Fund balance, opening</b>	<u><b>5,548,096</b></u>	<u><b>6,074,354</b></u>
<b>Estate &amp; Trust Fund balance, closing</b>	<u><b>\$ 5,470,799</b></u>	<u><b>\$ 5,548,096</b></u>

See the accompanying notes.



**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

**NOTE 1 AUTHORITY**

The Public Trustee 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*. 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 and, except for \$99,844 (2016 - \$124,957) 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.

**NOTE 3 CASH IN BANK**

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The monies for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants weekly.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

**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 Government of the Northwest Territories.

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 investments of the Common Fund. Where the interest earned on 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 Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund 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:

	<u>2017</u>	<u>2016</u>
Common Fund	\$5,470,798	\$5,548,095
Other assets at nominal value	<u>          1</u>	<u>          1</u>
	<u>\$5,470,799</u>	<u>\$5,548,096</u>

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

**NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND**

The change during the year in the Public Trustee Management Fund is as follows:

	<u>2017</u>	<u>2016</u>
<b>Public Trustee Management Fund balance, opening</b>	\$30,643	\$24,997
<b>Add</b>		
Management fees paid to the Public Trustee out of the excess interest earned	-	15,396
<b>Less</b>		
Costs incurred in respect of the annual audit	<u>(9,750)</u>	<u>(9,750)</u>
<b>Public Trustee Management Fund balance, closing</b>	<u>\$20,893</u>	<u>\$30,643</u>

**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.

# **STUDENT LOAN REVOLVING FUND**

**FOR THE YEAR ENDED MARCH 31, 2017**

Government of the Northwest Territories  
 Student Loan Revolving Fund  
 Statement of Operations  
 for the year ended March 31, 2017

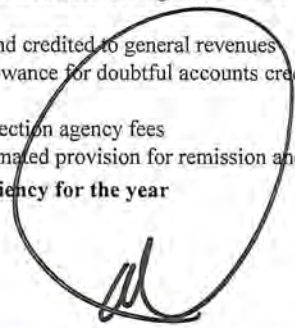
(thousands of dollars)


	2017	2016
Loans Receivable, opening balance	41,953	40,632
Loans granted during the year	<u>5,835</u>	<u>5,719</u>
	47,788	46,351
Less:		
Principal amount of loans repaid	(3,248)	(3,366)
Principal amount of loan forgiveness	-	(125)
Principal amount of loan remissions	(2,501)	(907)
Principal Amount of Northern Bonus Remission	<u>(719)</u>	<u>-</u>
Loans Receivable, closing balance	41,320	41,953
Less:		
Allowance for remissable and doubtful loans	<u>(17,697)</u>	<u>(19,247)</u>
<b>Net Loans Receivable, closing balance</b>	<b><u>23,624</u></b>	<b><u>22,706</u></b>


**Effect of Student Loan Revolving Fund on Government Operations**

Interest earned and credited to general revenues	320	367
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses	1,100	-
Less:		
Collection agency fees	(13)	(21)
Estimated provision for remission and doubtful accounts	<u>(2,334)</u>	<u>(2,282)</u>
<b>Operating deficiency for the year</b>	<b><u>(927)</u></b>	<b><u>(1,936)</u></b>

Approved:



 Sylvia Haener (ANDY BEVAN)  
 Deputy Minister  
 Department of Education, Culture and Employment

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

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# NWT Student Loan Revolving Fund

Notes to the Financial Statement

(in thousands)

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March 31, 2017

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## 1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the *Student Financial Assistance Regulations* (the Regulations), financial assistance is provided by the Department of Education, Culture and Employment (ECE) to eligible students to assist with the cost of obtaining a post-secondary education. Student Financial Assistance (SFA) provides assistance through a combination of grants and loans (remissible and repayable), subject to eligibility criteria as prescribed in the Regulations.

## 2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. Prior to July 31, 1988, the NWT participated in the CSLP. In 1988, the NWT opted out of the CSLP and now receives an Alternative Payment, in accordance with section 14(4) of the *Canada Student Financial Assistance Act*.

At that time, a Student Loan Revolving Fund (SLRF) was established in the Consolidated Revenue Fund to enable disbursements and payments specific to loans made under the Act. In accordance with the Act, the following shall be credited to the SLRF according to Provision 9:

- a. all repayments of principal on loans made under the Act;
- b. the amount of all loans remitted under the Act. Remissible loans function much like repayable loans; however, students may be eligible to have part to all of their loan forgiven (meaning they do not have to pay the loan back) provided certain criteria are met (i.e. having met the academic and residency criteria); in addition Northern Bonus Grants function as both remissible loans and a grant provided the criteria are met (i.e. having met the academic, and residency criteria and provided the loan is up to date); and
- c. the principal amounts of all loans made under the Act that are written off under the *Financial Administration Act* (FAA).

The SLRF currently has a maximum revolving limit of \$45 million.

## 3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant.

### a) Student Loans Receivable

Student loans receivable are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted

annually to reflect the current circumstances of recording write downs or recoveries, as appropriate. Write-offs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written off are subsequently collected. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Simple interest is charged on loans following the interest-free in school period. Payments on loans are applied first to interest and then to outstanding principal.

b) Expenses

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

c) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimate relates to the valuation allowances for loans receivable.

#### 4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	<u>2017</u>	<u>2016</u>
Allowance for Forgiveness – Remissible Loans	\$7,560	\$9,713
Allowance for Doubtful Accounts – Repayable Loans	10,137	10,074
<b>Total Allowance</b>	<u><u>\$17,697</u></u>	<u><u>\$19,247</u></u>

#### 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 SLRF and reflected in the financial statement.

#### 6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the SLRF 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 SLRF'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 1<sup>st</sup> for students whose loan becomes repayable during the course of that calendar year. Interest rates are set based upon the Bank of Canada Prime Business Rate (less one percentage point). This will be the student's interest rate for the duration of their repayment, except students who return to the NWT. Effective September 2015, students who return to the NWT they will be granted zero percent interest for the duration of their stay, with the original interest rate being reinstated if they leave the NWT. The interest rate is not adjusted in any other circumstances.

c) Liquidity Risk

Liquidity risk is the risk the SLRF will encounter difficulty in meeting financial obligations as they fall due. The SLRF's liquidity risk is minimal as the SLRF's bank accounts are supported by the Government of the Northwest Territories.

## **7. Budget**

The operating budget has been approved by the Financial Management Board.



**Territorial Court Judges Registered Pension Plan Fund**

**Financial Statements**

**January 1, 2017**

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# **Territorial Court Judges Registered Pension Plan Fund**

## **Financial Statements**

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**January 1, 2017**

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<b>Independent Auditors' Report</b>	<b>3-4</b>
<b>Statement of Financial Position</b>	<b>5</b>
<b>Statement of Changes in Net Assets Available for Benefits</b>	<b>6</b>
<b>Statement of Changes in Pension Obligations</b>	<b>7</b>
<b>Notes to Financial Statements</b>	<b>8-16</b>

## Management's Responsibility Statement

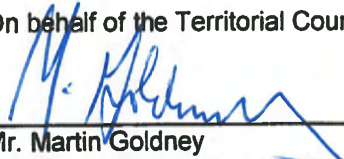
The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting 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 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 Government of the Northwest Territories, Department of Justice's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund

  
\_\_\_\_\_  
Mr. Martin Goldney  
Deputy Minister, Department of Justice  
Government of the Northwest Territories,

May 25 / 2017  
Date

  
\_\_\_\_\_  
Witness

May 25 / 2017  
Date

## Independent Auditors' Report

### To the Members of Territorial Court Judges Registered Pension Plan Fund

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, 2017 and the statement 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.

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

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

#### ***Auditors' 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 auditors' 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 auditors consider internal controls relevant to the Plan'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 Plan's internal controls. 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.



## Independent Auditors' Report (continued)

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Territorial Court Judges Registered Pension Plan Fund as at January 1, 2017, 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.

A handwritten signature in black ink that reads "Crowe MacKay CP".

Yellowknife, Northwest Territories  
April 26, 2017

Chartered Professional Accountants

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## Territorial Court Judges Registered Pension Plan Fund

### Statement of Financial Position

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As at January 1, 2017 2016

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#### Assets

Contributions receivable - Members	\$ 7,636	\$ 7,312
Contributions receivable - Government of the Northwest Territories (note 3)	67,178	31,469
Investments (note 4)	5,869,191	5,636,568

---

**Total Assets** **5,944,005** **5,675,349**

---

#### Liabilities

Accounts payable and accrued liabilities (note 3) 15,770 21,774

---

**Net Assets Available for Benefits** **5,928,235** **5,653,575**

**Pension obligations** **7,319,700** **6,812,900**

---

#### Deficiency

**Pension Plan Fund Deficit** **\$ (1,391,465)** **\$ (1,159,325)**

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Approved by:



Deputy Minister, Department of Justice,  
Government of the Northwest Territories

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## Territorial Court Judges Registered Pension Plan Fund

### Statement of Changes in Net Assets Available for Benefits

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For the year ended January 1,	2017	2016
<b>Increase in assets:</b>		
Investment income	\$ 267,644	\$ 414,009
Realized capital gains income	64,967	76,573
Current year change in fair value of investments	134,062	-
Employee contributions	89,457	65,508
Current service cost	59,454	80,273
In-kind contributions	35,828	18,601
	<b>651,412</b>	<b>654,964</b>
<b>Decrease in assets:</b>		
Administrative expenses (Note 5)	89,824	66,003
Benefit payments - regular	286,928	283,327
Current year change in fair value of investments	-	174,956
	<b>376,752</b>	<b>524,286</b>
<b>Increase in net assets available for benefits</b>	<b>274,660</b>	<b>130,678</b>
<b>Net assets available for benefits, beginning of year</b>	<b>5,653,575</b>	<b>5,522,897</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 5,928,235</b>	<b>\$ 5,653,575</b>
<b>Changes in pension plan fund deficit:</b>		
<b>Beginning of year</b>	<b>\$ (1,159,325)</b>	<b>\$ (1,037,703)</b>
Increase in net assets available for benefits	274,660	130,678
Increase in pension obligation	(506,800)	(252,300)
<b>Net change</b>	<b>(232,140)</b>	<b>(121,622)</b>
<b>End of year</b>	<b>\$ (1,391,465)</b>	<b>\$ (1,159,325)</b>

---

## Territorial Court Judges Registered Pension Plan Fund

### Statement of Changes in Pension Obligations

---

For the year ended January 1,	2017	2016
<b>Increase in pension obligations:</b>		
Interest accrued on benefits	\$ 289,100	\$ 313,400
Benefits accrued	247,100	227,600
Experience (gains) and losses	257,500	-
	<b>793,700</b>	<b>541,000</b>
<b>Decrease in pension obligations:</b>		
Benefits paid	286,900	288,700
<b>Increase in pension obligation</b>	<b>506,800</b>	<b>252,300</b>
<b>Pension obligation, beginning of year</b>	<b>6,812,900</b>	<b>6,560,600</b>
<b>Pension obligation, end of year</b>	<b>\$ 7,319,700</b>	<b>\$ 6,812,900</b>

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# Territorial Court Judges Registered Pension Plan Fund

## Notes to Financial Statements

---

January 1, 2017

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### 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 at 6% of pensionable earnings. 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, it is also not subject to any provincial or federal pension standards legislation. 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.

In accordance with the Trust agreement, employer and member contributions required are equal to the amount certified by the Actuary as being necessary to fund the benefits accruing under the Plan. Any surplus existing in the Plan may be used to reduce the required contributions. Any deficit existing in the Plan must be specifically funded in accordance with the 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 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.

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# Territorial Court Judges Registered Pension Plan Fund

## Notes to Financial Statements

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January 1, 2017

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### 1. Description of Plan (continued)

#### (g) 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.

#### (h) 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.

#### (i) Benefits Paid on Resignation

A Judge who resigns from the bench prior to attainment of age 60, and who is not entitled to an immediate unreduced pension, may elect to receive either a monthly deferred pension (commencing at any time between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

### 2. Basis of presentation and summary of 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 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 ("ASPP") require the Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS"), or Canadian accounting standards for private enterprises ("ASPE"), to the extent that those standards do not conflict with the requirements of ASPP. The Plan has chosen to comply on a consistent basis with ASPE.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 2. Basis of presentation and summary of significant accounting policies (continued)

##### (b) Investments

Investments are recorded and measured at market value (fair value). Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits. Market value is determined using listed market values as at December 31.

Investment transactions are recorded on the trade date.

Income from investments includes interest income and dividend income and are recorded on accrual basis. Pooled fund investments income is recognized when the calendar year income distribution is declared.

Current period change in market value of investments includes all net realized and 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.

##### (c) Employee and employer contributions

Contributions are recognized on accrual basis during the period in which the employees wages and salaries are earned. Employer contributions for current service and special payment for funding deficiency must meet contributions required based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

##### (d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuaries, and auditors. 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) Financial instruments

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Plan subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include contributions receivable - members and contributions receivable GNWT.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Investments are measured at fair value.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 2. Basis of presentation and summary of significant accounting policies (continued)

##### (e) Financial instruments (continued)

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

##### (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 material and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

##### (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.

##### (g) 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.

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 3. Contribution Receivable - GNWT

	2017	2016
In-Kind Contribution	\$ 4,703	\$ 10,469
Current Services Contributions	62,475	21,000
	<b>\$ 67,178</b>	<b>\$ 31,469</b>

In-kind contributions arise from the payment of audit and actuary fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value.

#### 4. Investments

The Plan's investments are categorized according to the fair value hierarchy as follows:

	2017	2016
Canadian Equities	\$ 1,825,318	\$ 1,679,697
Global Equities	1,584,682	1,533,146
Emerging Market Equity	223,029	231,099
Bond funds	2,171,601	2,079,894
Canadian Money Market Funds	64,561	112,732
<b>Total market value of the investment portfolio</b>	<b>\$ 5,869,191</b>	<b>\$ 5,636,568</b>

The total cost of the investments for the year ended January 1, 2017 is \$4,755,057 (2016 - \$4,656,495).

The above listed investments are held in a pooled pension Trust by RBC Phillips, Hager & North Investment Counsel Inc. and will not be redeemed in the subsequent period.

The fair value hierarchy requires the use of observable market inputs wherever 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.

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. Balance 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.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 5. Obligation for pension benefits

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016. The data and assumptions used for the January 1, 2017 are the same as that used in the actuarial valuation as at April 1, 2016. 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.

	2017	2016
Discount rate	4.10 %	4.80 %
Salary projection rate	3.50 %	2.25 %
Price inflation	2.00 %	2.25 %
Real rate of return	3.00 %	3.25 %

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, 2016 was completed in July, 2016. The next funding valuation must be performed no later that April 1, 2019.

As provided by the Actuary, the value of pension benefit obligations as at January 1 of each year is not available. Instead, the value as at March 31 is being used to compare with the net assets available for benefits as at January 1.

#### 6. Contributions

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2016. Contribution values are based on the assumption of an annual expected return on Fund assets. The GNWT may reduce contributions to the Fund by the amount of any surplus existing within the Fund on the last actuarial valuation date. Per the actuarial valuation, a going concern unfunded liability in the amount of \$1,464,900 (2013 - \$999,800) existed in the Fund at April 1, 2016. Per actuarial valuation, the rule for determining the employer's current service cost and special payments is based on the maximum funding valuation as the going concern valuation produces a higher total employer contribution and unfunded liability. Per the actuarial valuation, the Plan had a maximum funding unfunded liability of \$247,100 as at April 1, 2016 (2013 - \$73,700)

Per the Plan Regulations, this amount is required to be funded over a period of not more than 15 years from the valuation date.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 7. Administrative Expense

Administrative expenses include fees charged by the investment manager, trustee, auditor and actuary. Administration costs of the Fund may be paid directly by the GNWT or by the trustee from Fund assets. Payments made directly by the GNWT to the fund are recognized as a corresponding increase to in-kind contributions.

	2017	2016
Actuarial fees	\$ 31,125	\$ 8,133
Audit	4,701	10,469
Investment management	28,546	28,559
Trustee fees	25,452	18,842
	<b>\$ 89,824</b>	<b>\$ 66,003</b>

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#### 8. Financial Instruments

The Plan's investments consist predominantly of assets whose values are exposed to fluctuations in interest rates, foreign exchange rates and financial markets. Other financial instruments are not exposed to significant interest or currency risks.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent of which is discussed below:

##### *Credit risk*

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Fund is exposed to credit risk through its investments in 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 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.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 8. Financial Instruments (continued)

##### *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, or fixed-income, 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 Fund and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

This exposure lies principally within foreign equity funds. The Fund manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

##### *Currency risk*

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies have underlying foreign currency exposure.

##### *Market risk*

Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

##### *Price risk*

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The fund is exposed to other price risk through its holdings in Canadian equities.

##### *Liquidity risk*

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable and Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.



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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2017

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#### 8. Financial Instruments (continued)

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 as they may arise from time to time.

The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments with any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentration of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

#### *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.