PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2016

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

OTHER ENTITIES

HONOURABLE ROBERT C. MCLEOD

Minister of Finance

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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS – OTHER ENTITIES

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Annual Report 2014-2015

Environmental Monitor Training Program
Photo credit: *Blyth & Bathe Inc*

AURORA COLLEGE

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

Reflecting upon the 2014-15 academic year – the highlights, successes, challenges and trials – I am proud of what we have accomplished. I am also enthusiastic about the direction in which we are headed, and steps that will be taken to lead Aurora College there.

A major step was the signing by the Board of Governors of the College and *Institutes Canada's Indigenous Education Protocol for Colleges and Universities.* Championed by our Elder representative, Paul Andrew, the protocol lays out seven principles which recognize and affirm our responsibility and obligation to Indigenous education. Education has always been an integral part of the transfer of knowledge from one generation to the next for First Nations, Metis and Inuit families and communities. As formal education became established in this country, the knowledge and cultures of Indigenous peoples was often marginalized. Historically, the right to education was recognized by Indigenous leaders and the Government of Canada. The treaties signed by First Nations leaders promised an equitable system of education to provide the skills to participate fully in the economy as well as continuity for Indigenous knowledge, languages, cultures and traditions.

Unfortunately, this has not been the reality for many of Canada's Indigenous peoples.

As a northern post-secondary institution whose learners are primarily Indigenous people, creating an educational environment that supports, reflects, and is respectful of all of our learners is a key priority. Signing this protocol further highlights our commitment to ensure we are inclusive and representative of all our northern cultures. In addition, by signing the protocol, we are supporting the many other Canadian colleges and institutes who are taking steps to better serve the Indigenous peoples of our country.

While we believe Aurora College already meets or is making headway towards meeting the seven principles in this document, we are committed to continual improvement to ensure both the letter and the intent of the principles are met. A signed copy of the protocol will be hung in each of our campuses, community learning centres and at the Aurora Research Institute, to share the vision, and so that we can be held accountable for meeting the principles it contains.

Sydney O'Sullivan,
Chairperson

Indigenous Education Protocol Principles

- **Commit to making Indigenous education a priority**
- **Ensure governance structures recognize and respect Indigenous peoples**
- **Implement intellectual and cultural traditions of Indigenous peoples through curriculum and learning approaches relevant to learners and communities**
- **Support students and employees to increase understanding and reciprocity among Indigenous and non-Indigenous peoples**
- **Commit to increasing the number of Indigenous employees with ongoing appointments throughout the institution, including Indigenous senior administrators**
- **Establish Indigenous-centred holistic services and learning environments for learner success**
- **Build relationships and be accountable to Indigenous communities in support of self-determination through education, training and applied research.**

Aurora College Board of Governors (as of June 30, 2015)

Sydney O'Sullivan	Chairperson	South Slave Representative
Kathy Tsetso	Member	Dehcho Representative
David Miller	Member	Yellowknife Representative
Mary Beckett	Member	Beaufort Delta Representative
Vacant	Member	North Slave Representative
Vacant	Member	Sahtu Representative
Paul Andrew	Member	Elder Representative
Sheila O`Kane	Staff Representative	Aurora Campus
Karen Lepine-McFeeters	Student Representative	Thebacha Campus

Message from the President

It is always gratifying to me to review the previous academic year's accomplishments and challenges in preparation for the Annual Report. It serves as a reminder of the remarkable individuals who make up our learners, staff, faculty, partners, volunteers, and Board of Governors, and the dedication and passion they each bring to their respective roles.

Two events in particular commemorated long-term successes at Aurora College in 2014-15.

Aurora Research Institute marked the 50th anniversary of the research headquarters in Inuvik. Celebrations honoured the history, capacity and growth of research in the NWT that touched all corners of the territory and beyond. Activities took place over several months and included many regions and individuals. Events were designed to recognize the significant scientific contributions that have taken place in the NWT over the past 50 years, and to celebrate the role of NWT researchers, technicians and citizens in these pursuits. ARI hosted movie nights, on-the-land programming, commemorative speaker series, an open house and school programming as part of this major initiative. A 16-page newspaper insert was published that included articles from researchers, community members, and past and current research centre staff.

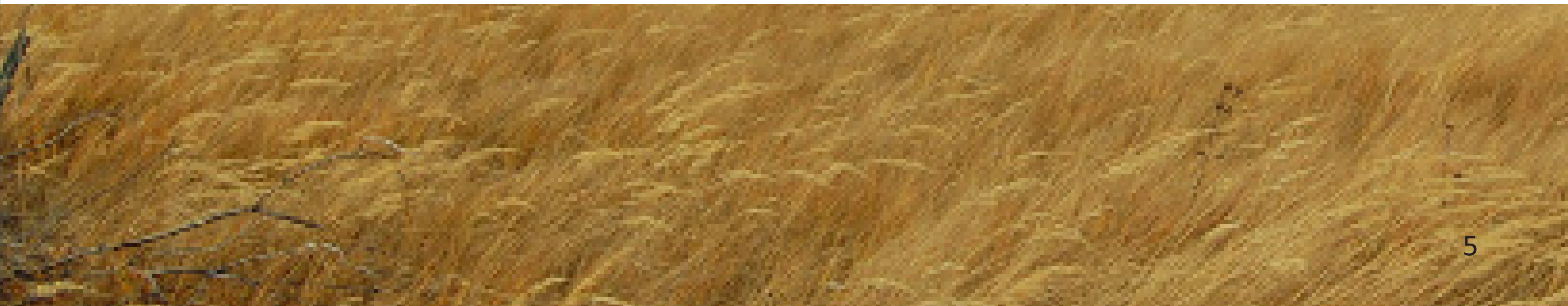
The second major event saw the Nursing faculty celebrate 20 years of educating Registered Nurses in the Northwest Territories. More than 270 Registered Nurses have graduated from Aurora College and many have established long-term careers in the NWT. Activities included an alumni dinner that attracted more than 60 graduates, and an Open House and Alumni Recognition event with the Ministers of Health and Education as well as various government officials, health care professionals, alumni, staff and students in attendance.

As a small, northern College, it is imperative that our programs and operations meet the unique needs and challenges of our learners and our communities. Our small numbers and vast geography create both opportunities and trials that must be examined and acted upon if we and our learners are to be successful.

One of the approaches to ensuring we provide the best education possible to our learners is through regular program reviews. Three such reviews have been recently undertaken to examine Business Administration, Office Administration, and the delivery of Access programs. The revised Business Administration program will have an Accounting Stream and a Work Experience Option, with the first delivery taking place in 2015-16. A full review of the Office Administration program took place during 2014-15. Data collection about the program included a variety of methodologies to obtain feedback from various sources including employers, graduates, students, instructors, and program managers at other community colleges. A revised program is expected to be offered beginning September 2016. To reach more students across the territory for these two popular programs, courses will be delivered through a combination of video-conferencing and instructor-led classes. The third recent review examined Aurora College's seven Access programs. A number of recommendations were brought forward, which will be implemented in 2016-17.

In addition to applauding the many achievements and successes at Aurora College, we must continue to regularly cast a critical eye on our actions, practices, policies and procedures, and ask ourselves in what ways can we further improve to the benefit of our learners, staff and communities. As we head into a new Strategic Planning process in 2015-16, critical self-analysis of our operations is essential for sustained improvement.

Jane Arychuk,
Aurora College President



HIGHLIGHTS

There was much cause for celebration at Aurora College in 2014-15, including staff members and students receiving prestigious awards, academic excellence recognized for several students, and exciting research taking place through the Aurora Research Institute.

50 years of research in Inuvik

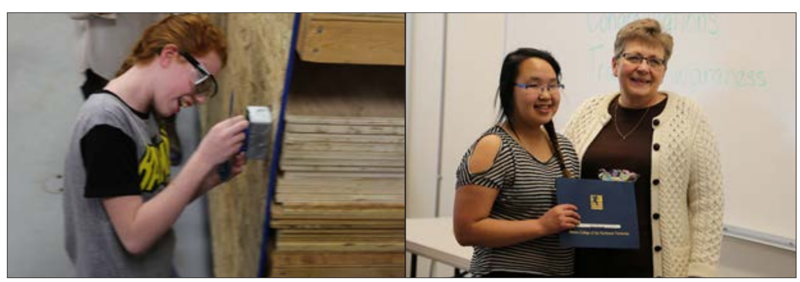
ARI Director Pippa Seccombe-Hett receives a gift from NWT Commissioner George Tuccaro to commemorate 50 Years of research.

The Inuvik Research Laboratory opened its doors for business early in 1964, and has helped shape and coordinate regional research to this day. The research centre was merged with Aurora College in 1995, and renamed Aurora Research Institute (ARI).

In recognition of this milestone, ARI hosted a series of events. These included a Robotics Club demonstration, research presentations, an Open House at the Western Arctic Research Centre (WARC) and a Community Dinner and Celebration to publicly commemorate 50 years of research in Inuvik.

To round out the celebrations, Natural Resources Canada and ARI offered local school groups tours of the Inuvik Satellite Station and during the month of October, a series of five Movie Nights were held at WARC, featuring movies that dealt with Arctic and Northern themes, and time for discussions afterwards.

Trades Awareness Program Celebrates 10 years of Success



High school students learn skills in the Electrical shop; President Jane Arychuk presents a certificate of participation to a student.

Students from across the South Slave converged on Fort Smith to participate in the popular week-long Trades Awareness Program (TAP) at Aurora College, Thebacha Campus in Fort Smith.

A total of 48 students gained hands-on experience as they rotate through several trades courses, including Cooking, Heavy Duty Equipment Technician and Carpentry. TAP is a partnership between Aurora College Thebacha Campus, the South Slave Divisional Education Council (SSDEC) and GNWT Education, Culture & Employment - South Slave Region.

The Trades Awareness Program exists to give students in small high schools access to the trades shops, equipment and instructional expertise available at Aurora College, as well as the Fort Smith business community.

Since 2005, the Trades Awareness Program has provided exposure to the trades and other College program offerings to junior and senior high students in the South Slave.

Aurora College Nursing Programs Celebrate 20 Years of Excellence

Nursing Alumni were recognized during the Open House April 1, 2015, held to celebrate 20 Years of Nursing Education at Aurora College.

Aurora College celebrated a long history of excellence in nursing education with an Open House and Alumni Recognition event on April 1, 2015.

It had been 20 years since the first cohort of NWT-educated nursing students began their classes at Aurora College in 1994-95. Until then, northerners travelled south to receive nursing education that would lead to registration. The initial two-year Northern Nursing diploma has evolved into the current four-year Bachelor of Science in Nursing (BSN) as professional demands and requirements have changed, ensuring Aurora College graduates receive the same high quality of education as their colleagues at southern universities. The BSN is offered in partnership with University of Victoria.

The event featured tours and demonstrations as well as speeches and presentations. Dignitaries for the open house included Minister of Education, Culture and Employment Jackson Lafferty, Minister of Health and Social Services Glen Abernethy, and the President of Colleges and Institutes Canada, Denise Amyot. Past graduates of various nursing programs were on hand to be recognized as Aurora College Alumni.

Aurora College Thebacha Campus hosts fifth annual NWT Youth Symposium

Approximately 40 high school students from eight communities across the Northwest Territories were in Fort Smith in June to attend the Fifth Annual NWT Youth Symposium at Aurora College's Thebacha Campus.

The Youth Symposium is designed to help youth prepare for post-secondary education, as well as learn about opportunities at Aurora College. While the focus is on experiential learning through hands-on opportunities and cultural activities, students also learned about the processes of NWT's Student Financial Assistance Program and other student support systems for post-secondary learning.

The visiting students tried their hand at a number of programs and activities as they rotated through workshops.

Activities included building a birdhouse in a carpentry workshop with the School of Trades, Apprenticeships and Industrial Training, a culture camp with the School of Education, on-the-land exercises with the Environment and Natural Resources Technology Program, learning lifesaving skills from the School of Health & Human Services, and building and marketing an App with the School of Business and Leadership. Student also attended presentations by Aurora College's Student Services staff on life as a student at Aurora College, as well as a presentation from Education, Culture & Employment GNWT staff on Student Financial Assistance (SFA).

Seven-year accreditation for Bachelor of Science in Nursing Program

The BSN program received a seven-year accreditation from the Canadian Association of Schools of Nursing (CASN) in 2015. This is the longest period of accreditation that can be achieved by a school of nursing. Site reviewers from CASN highlighted the robust nursing curriculum offered at Aurora College and the close relationships between nursing practice and college partners. Graduating students and alumni one year post graduation continue to rate the program "exceptionally to very well", noting the opportunity for quality practice placements as a strength of the program. Graduates also felt that the BSN program prepared them well for their role as a Registered Nurse.

Aurora College signs CICan's Indigenous Education Protocol

Aurora College signed Colleges and Institutes Canada's (CICan) historic Indigenous Education Protocol. This aspirational document reaffirms the College's commitment to Indigenous education and provides a vision of how it will strive to improve and better serve Indigenous peoples.

As a northern post-secondary institution whose learners are primarily Indigenous people, creating an educational environment that supports, reflects, and is respectful of all Aurora College learners is a key priority. Signing this protocol further highlights the College's commitment to ensure it is inclusive and representative of all northern cultures in the NWT. The Indigenous Education Protocol was developed by CICan's Indigenous Education Committee, comprising college and institute representatives from across the provinces and territories, as well as through consultations held at the Serving Indigenous Learners and Communities Symposium in December 2013, and the CICan annual conferences in 2013 and 2014.

*Board of Governors Chairperson, Sydney O'Sullivan, President Jane Arychuk, and Board of Governors Elder Representative, Paul Andrew, display a newly signed copy of the **Indigenous Education Protocol for Colleges & Universities.***

School of Business and Leadership Program Reviews

To ensure that Aurora College graduates continue to receive the most current business and administrative education, reviews of both the Business Administration and Office Administration programs were undertaken. The review of the Business Administration program was completed in 2014-15. Instructors, program leaders, and the School Chair worked together to review, discuss and formulate ideas about the curriculum in planning for the future of the program. The revised program will have an Accounting Stream and a Work Experience Option and was approved by the Board of Governors in June 2015, to be implemented in September 2015. A consultant was hired in 2014-15 to assist in the review of the Office Administration program. Data collection included a variety of methodologies to obtain feedback from various sources including employers, graduates, students, instructors, and program managers at other community colleges. The revised program is expected to be offered beginning September 2016.

Aurora College's Wise Woman – Pertice Moffitt

On March 8, 2015, in conjunction with International Women's Day, Dr. Pertice Moffitt was recognized as one of five NWT "Wise Women" by the Status of Women Council. Moffitt, who is Manager of Health Research Programs for Aurora Research Institute and an instructor with Aurora College's School of Health and Human Services, is well known for her long history of social activism to improve the quality of life for northern women. She has conducted research in such areas as intimate partner violence, health beliefs and practice of Tlicho women during pregnancy, and the integration of culture among women at Aurora College.

Wise Woman 2015 - Pertice Moffitt.

Moffitt says both her work and her activism are inspired by the power and resilience she sees in the women around her. Upon receipt of her award, Moffitt was humble, saying that the award is received on behalf of all women. She noted that recognizing female role models is important and makes a difference, creating a ripple effect of positivity.

Inadequate Facilities – Yellowknife North Slave Campus

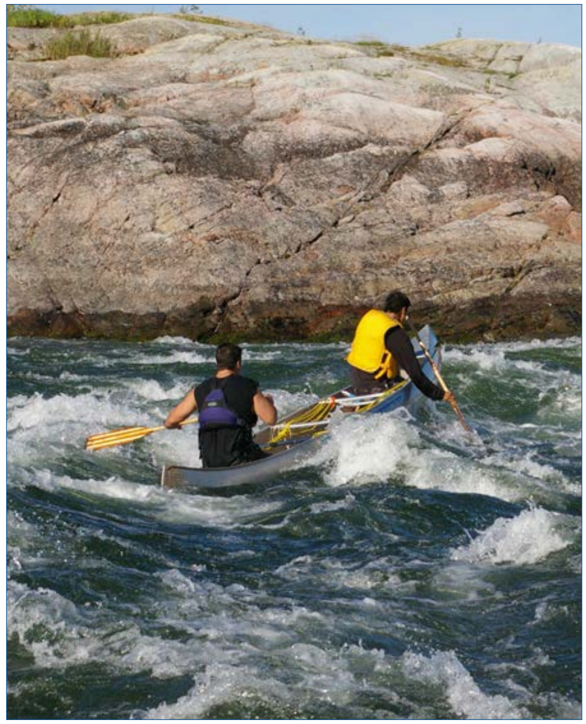
The campus in Yellowknife continues to present numerous challenges: lack of space for both expansion and to adequately house current programs, students and faculty; limited housing for students; lack of parking for students and staff; recurring serious maintenance issues with the facility; issues with providing wireless access. Despite interest by administration, students, community members and elected officials in developing or adding new program offerings, or enhancing existing programs, the lack of space precludes those actions. Aurora Campus in Inuvik and Thebacha Campus in Fort Smith have dedicated facilities built specifically for Aurora College, but Yellowknife North Slave Campus operates out of a converted downtown office building.

Staffing Key Positions

Several key positions remain either unfilled or have proved difficult to retain qualified persons. The Chair of Trades, Apprenticeship and Industrial Training has unsuccessfully gone to competition several times during the past few years and remains an Acting position. In addition, the finance division has experienced significant turnover within crucial senior positions. Steps are being taken to upgrade the skills of a number of finance staff members to build capacity internally, however, this process will take several years to complete.

NABE Funding

The Northern Adult Basic Education (NABE) funding through CanNor has been instrumental in Aurora College's ability to expand and enhance delivery of ALBE and skill-based training throughout the territory. The funding made possible the hiring of additional adult educators in more communities, as well as extra program deliveries. It allowed the College to partner with NWT Literacy Council to develop, pilot and implement several short-term Literacy and Essential Skills (LES) courses that have proven to be both popular and successful across all regions of the NWT. Completion rates for the LES courses are



nearly double those of regular ALBE courses, and provide the added benefit of providing numerous vocational and workplace skills in addition to improved literacy. However, the funding is only in place for five years, and declines significantly in the final year of the contract. The agreement expires March 31, 2016. The challenge is to find ways to integrate the successes and best practices that have been achieved through NABE into long-term planning, without NABE funding.

Student Information System

The Student Information System (SIS) has been a challenge and frustration for most divisions of Aurora College for many years. It cannot produce the data or metrics required to create necessary reports. While Aurora College is fortunate that the funding has recently been allocated by the GNWT to purchase and implement a new SIS, there are still many steps that must be completed before it is able to be used, including choosing and installing a system, migrating the current data (while ensuring the integrity of the information transferred), and staff training on the new system. Until then, delays in processing, inputting and extracting data will continue. It will continue to be difficult to meet the reporting obligations of funding partners and to produce data with which we are fully confident.

Education and Training

Aurora College's Education & Training Division is comprised of the School of Arts & Science, School of Education, School of Business & Leadership, School of Health & Human Services and the School of Trades, Apprenticeship and Industrial Training.

School of Arts & Science

ENRTP Students at Tsu Lake Field Camp.

2014-2015 Highlights

The 2014-2015 academic year was Programs across the NWT with a short-term Environmental Monitoring program delivered in Fort Smith, as well as diploma programs delivered at Aurora Campus in Inuvik and Thebacha Campus in Fort Smith. Fourteen students successfully graduated the diploma program, and most are gainfully employed by industry, government, and Aboriginal organizations in their respective field.

Community Based Training

In May and June, an Environmental Monitor Training program was delivered at Thebacha Campus. Twelve students from eight communities from across the NWT developed skills necessary to assist technicians conduct community-based monitoring. The program is 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.

Environment and Natural Resources Technology

Students at Aurora and Thebacha Campuses were involved in several field camps designed to integrate scientific methodology with Traditional Knowledge and traditional land skills, which were instructed by community Elders, regional experts, and Aurora College staff. Partnerships with both industry and government continue to be strong and these provide much added value to academic programming at both campuses through direct involvement in classroom activities and field work.

The 2014-2015 academic year culminated 14 students completing: eight graduating from Aurora Campus and six graduating from Thebacha Campus. Employability remains strong across the territory amongst ENRTP graduates, and a handful have chosen to work seasonally so they can pursue Bachelor of Science degrees at universities. Enrolment and student retention continue to increase.

Aurora Campus

During the first week of September 2014, Aurora Campus students spent ten days at Kendall Island and around the Beaufort Sea. Students developed skill sets in limnology, marine hydrology and water chemistry, salt-marsh ecosystem analysis (floral and faunal sampling, water chemistry), ecology, geological formations and processes of the coastal region. Historical and traditional teachings were conducted on site by Elders who grew up on the island and in the Beaufort-Delta Region, in combination with traditional river/costal landmark navigation and GPS techniques.

The Aurora Campus program has continued to work in conjunction with the Western Arctic Research Centre/ Aurora Research Institute (Inuvik), who furnished equipment, logistical,

ENRTP students capture invertebrates to study at Tsu Lake Field.

technical and "people expertise" support, and acted as outreach liaisons, and provided students opportunities to work in the field with northern researchers. In addition Dr. John England, from the University of Alberta, Earth and Atmospheric Sciences and NSERC Northern Chair, continued to champion the program: giving students invaluable technical research experience, focusing on the nature of the Arctic's physical environment. One ENRTP graduate accepted employment with the Aurora Research Institute/Western Arctic Research Center as a Research Technician.

Thebacha Campus

Field camps continue to be a highlight for Thebacha Campus students, where they developed skill sets in limnology, water sampling, forestry, geology and ecology in combination with map and GPS navigation techniques. Local Elder Jane Dragon demonstrated traditional skills at the Tsu Lake Field Camp and greatly impacted the students. First year students travelled the Konth River for a multi-day canoe trip.

In addition to regular studies, students were trained in firearms safety, first aid, and boat safety. Students ended the school year using the skills they learned to complete a self-directed research project, in consultation with instructional staff and Aboriginal, industry, and government partners.

Joint Aurora-Thebacha Winter Field Camp

Every three years, students from both Aurora and Thebacha Campuses attend a joint winter field camp at Doran Lake (approximately 161 nautical miles north-east of Fort Smith). Prior to the field camp, classroom courses in wildlife biology, wildlife techniques, and freshwater fisheries help students develop skill sets in wildlife taxonomy, anatomy, harvesting and monitoring techniques, adaptations to cold environments, and Traditional Knowledge and biology of individual species (particularly caribou). In early March, 16 second year students spent 12 days on the land. Students affirmed their skills and sampling techniques for caribou harvesting, necropsy and dressing out the animals working alongside biologists from the Department of Environment and Natural Resources. Population analyses and segregation methods such as age determination and sex ratios were inferred by qualitative observation and aerial surveys during the camp. Students also honed their on-the-land emergency skills such as shelter building and survival techniques during the camp. The main goal of the field camp was to provide the opportunity for students to practice and share their knowledge and experiences with their peers. Students exchanged ideas and built professional relationships through formal, hands-on, and informal activities between both campus cohorts during the field camp.

School of Business & Leadership

Thebacha Campus Office Administration Certificate graduates gather for the Convocation Ceremony.

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

Graduates of the Business Administration (BA) and Office Administration (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 graduates continue to receive the most current business and administrative education, reviews of both the Business Administration and Office Administration programs were undertaken, beginning in 2013-14. Students, alumni, staff and employers were engaged in the review processes to discover opportunities for growth and change to best meet the needs of this program in the NWT.

The review of the Business Administration program was completed in 2014-15. Instructors, program leaders, and the School Chair worked together to review, discuss and formulate ideas about the curriculum in planning for the future of the program. The revised program will have an Accounting Stream and a Work Experience Option and was approved by the Board of Governors in June 2015, to be implemented in September 2015.

A consultant was hired in 2014-15 to assist in the review of the Office Administration program. Data collection about the program included a variety of methodologies to obtain feedback from various sources including employers, graduates, students, instructors, and program managers at other community colleges. An evaluation report was prepared. This information will contribute to the curriculum planning process. A revised program is expected to be offered beginning September 2016.

In 2014-2015, 30 percent of Aurora College graduates were enrolled in Business or Office Administration. The following parchments were conferred: nine Business Administration Certificates, seven Business Administration Diplomas, and 13 Office Administration Certificates.

Faculty members of the School continue to be involved in professional development initiatives and conferences in order to maintain and increase their academic and professional credentials. This enables them to stay current in their fields of study and in educational practices, so that they can develop relevant curriculum and present stimulating learning experiences to their students. The instructors in the School continue to integrate appropriate technology into their course delivery to support student success. In addition, instructors make use of experts from within NWT communities to share their expertise, knowledge and wisdom.

Business Administration

The Business Administration program continues to attract students who are interested in pursuing business careers. Thebacha and Yellowknife North Slave Campuses offered the program in 2014-2015. The campuses hosted students from a mix of communities and backgrounds; graduates hailed from Behchoko, Fort Providence, Fort Simpson, Fort Smith, Gameti, Kakisa, Tuktoyaktuk, Whati, and Yellowknife. In addition, the program continues to attract the interest of international students.

The video-conferencing pilot project continued in 2014-15, with the number of courses offered through the medium increasing to four. The goal is to be able to offer all BA and OA courses through video conferencing to all three campuses.

NLDP participants complete the program in 2014-2015.

Office Administration

In 2014-15, the Certificate program was offered at Thebacha Campus. Courses help students develop the skills that are required by employees to work in a variety of types of offices and emphasize the development of basic office and computer skills that will enhance the unique work environments of the north. Students then participate in a four-week practicum to gain practical experience. Graduates represented ten communities: Aklavik, Behchoko, Deline, Fort McPherson, Fort Smith, Hay River, Inuvik, Jean Marie River, Whati and Yellowknife.

The School of Business & Leadership uses Vconnect video conference technology to administer classes at various campuses.

Northern Leadership Development

The Northern Leadership Development Program (NLDP) is designed for employees in "front line" positions in industry-related organizations in the NWT. The NLDP is relevant to employees in supervisory or management roles, such as team leaders or supervisors. The program 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 Northern Leadership Development Program was delivered for the first time in May 2011, with 23 participants from various industrial related positions in NWT organizations. Since then, another 35 participants have completed. The fourth offering, with a cohort of 11 participants, concluded in April, 2015.

School of Education

Aurora College School of Education regularly offers the following programs: Aboriginal Language and Culture Instructor Diploma (ALCIP), Bachelor of Education, Certificate in Adult Education, and Early Childhood Development Certificate. Depending on community needs, some programs are offered part-time and/or through distance education. At present, the Bachelor of Education is offered only at Thebacha Campus.

Bachelor of Education students from Thebacha Campus at the Fall Culture Camp.

Aboriginal Language and Culture Instructor (ALCIP)

In 2014-15, six part-time ALCIP courses were delivered in conjunction with Divisional Education Councils and the Department of Education, Culture and Employment for 22 students from across the territory. Classes were delivered in Fort Smith, Hay River, K'atl'odeeche, and Norman Wells. Successful community consultations occurred throughout the Sahtu region and plans are in place to deliver a full-time ALCIP program beginning in the fall of 2015 in Tulita.

Adult Education

The Certificate in Adult Education (CAEd) is delivered part-time and provides skills and knowledge required to work with adult learners. Most classes are offered in the evening and are taught through teleconference with online computer support. There are no prerequisites to enter the program. Courses focus on the contemporary theories in education while striving to understand their applicability in the Northern context. In 2014-15, six courses were delivered via teleconference and Moodle, attracting 51 students from across the northern territories as well as from 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) degree is offered in cooperation with the University of Saskatchewan, and is recognized across the country. 2014-15 saw a large intake of first year students, 14, as well as graduating class of ten. The cohort of Beaufort Delta students who had taken their first three years at Aurora Campus in Inuvik attended Thebacha Campus for their fourth and final year. The Beaufort-Delta students brought a unique perspective and outlook to the classroom. The program continues to focus on providing a strong culture-based program which teaches from a northern, Aboriginal perspective. Efforts are continually made to ensure the values in Dene Kede and Inuuqatigiit are used on a daily basis. In September 2014, students and staff had the opportunity to join teachers from across the NWT in Yellowknife for a three-day conference: "Our Students, Our North, Our Success". October saw students on the land for lessons, camps, and a successful moose hunt. Winter was marked by a visit from the Director and Associate Director of the Indian Teacher Education Program, Aurora College's University of Saskatchewan partner, another week on the land, time with the FOXY (Fostering Open eXpression among Youth) team, and speaking with Fort Smith author Richard Van Camp. Spring brought an opportunity to present at the Colleges and Institutes Canada (CICan) national conference in Ottawa, highlighting how Aurora College incorporates land-based learning and Traditional Knowledge into programs. Students again ventured out on the land, and also did marketing and networking with participants at the annual NWT Youth Symposium. The BEd program continues to evolve and move forward with programming that aligns with the Educational Renewal Initiative.

Early Childhood Development

This certificate program is offered on a part-time distance education basis and is delivered via teleconference. The majority of the students work full-time in daycare, pre-school or Aboriginal Head Start programs. Canadian textbooks with Aboriginal content are used to deliver the play-based curriculum. During the 2014-15 academic year, 93 students from 16 communities in the NWT and Nunavut successfully completed ECD courses. There were 10 courses offered during the year, one dual-credit course in partnership with local Yellowknife high schools, and three workshops, held in the South Slave, Yellowknife and Beaufort Delta. Students take pride in the fact that they infuse culture-based activities daily into their work environment, involving family and community. Plans are in place to deliver the program on a full-time basis in 2015-16 at Aurora Campus, in partnership with Aboriginal Skills and Employment Training (ASET) groups.

School of Health & Human Services

In 2014-15, the School of Health and Services included the following programs: Bachelor of Science in Nursing, Nurse Practitioner (Master in Nursing – Primary Health Care Stream), Personal Support Worker, Social Work, and Community Health Representative.

Bachelor of Science in Nursing student reviews the symptoms of his patient during a simulation.

Bachelor of Science in Nursing

The Bachelor of Science in Nursing (BSN) program celebrated 20 years of nursing education in the Northwest Territories this year. More than 270 Registered Nurses have graduated from Aurora College and many are still working in the Northwest Territories. Celebrations included an alumni dinner with more than 60 graduates in the fall and an Open House and Alumni Recognition event with the Ministers of Health and Education as well as various government officials, health care professionals, alumni, staff and students in attendance. An increase in the utilization of simulation has been a great enhancement to the nursing program, allowing students to engage in nursing care with medium and high fidelity mannequins and to debrief with colleagues and faculty as per national recommendations. The BSN program received a seven-year accreditation from the Canadian Association of Schools of Nursing (CASN) in 2015. Site reviewers from CASN highlighted the robust nursing curriculum offered at Aurora College and the close relationships between nursing practice and college partners. Graduating students and alumni one year post graduation continue to rate the program "exceptionally to very well", noting the opportunity for quality practice placements as a strength of the program. Graduates also felt that the BSN program prepared them well for their role as a Registered Nurse. Nursing faculty continue to engage in scholarship with many presentations at national and international conferences, textbook chapters in Canadian nursing textbooks and publications in professional journals.

Social Work

Interest in the Social Work Diploma program remains high, with 25 first year students registered for 2015-16. New practicum sites were developed this year, including a partnership with Yellowknives Dene First Nation. Cultural experiences and traditional knowledge are key components of the program, with two courses and a cultural camp enriching students' learning. Students received additional training in Non-Violent Crisis Intervention and Mental Health First Aid. Two students were chosen to represent NWT youth at a circumpolar gathering on suicide prevention. They travelled to Iqaluit, NU in March and will be presenting their learning to the student body in September 2015. Faculty continued their research work in the areas of intimate partner violence, food security, and LGBTQ youth mental health.

Personal Support Worker - Aurora Campus

Students representing Gwich'in, Inuvialuit and Slavey Nations and four traditional languages partnered at the Inuvik Regional Hospital – Beaufort Delta Health and Social Services to participate in the program. Students focused on: Dignity, Independence, Preference, Privacy and Safety, with elements of support, advocacy, traditional integration and reflective practices. Practicums were in Long Term Care, Acute Care, Physiotherapy, Laboratory and Diagnostic Imaging. Additional certifications were obtained in: First Aid/CPR, Food Safe 1, WHMIS/ Healthy Work Environment, Applied Suicide Intervention Skills Training, Supportive Pathways, Non-Violent Crisis Intervention and more. Students enjoyed diversity through guest speakers from local and international Traditional backgrounds, Expressive Arts Therapists, Wellness Workers, Street-outreach and ministries, pharmacists and healers. Students are receiving employment offers in the hospital and communities.

Personal Support Worker - Yellowknife North Slave Campus

This program continues to incorporate practical health-related knowledge and skills while assisting students to become proficient, compassionate caregivers. Students had an opportunity to practice at the Extended Care Unit and Psychiatry at Stanton Territorial Hospital, Aven Manor, Territorial Dementia Cottages, and Yellowknife Home Care. Students received certification in Mental Health First Aid; where they learned signs and symptoms of mental health problems, information about treatments and interventions, and how to help individuals seek professional assistance. They also participated in Elders in Motion and Supportive Pathways. This year, students had the opportunity to participate in a simulation lab with fourth-year nursing students. This simulation helped students understand one another's roles, improve communication, and provided the opportunity to practice interdisciplinary collaboration.

Personal Support Worker student practices skills.

Bachelor of Science in Nursing Students practice basic skills.

Advanced Practice

The Master of Nursing - Nurse Practitioner program graduated its final class in May 2015. Beginning in 2015-16, a Post Graduate Certificate in Remote Nursing will be offered in a blended online and on-site format.

Community Health Representative

This Certificate program is designed to provide a sound basic knowledge in community health education, health promotion, injury prevention and community development. Graduates assess community health needs and client health education needs, as well as working to improve community health and well-being. Four students graduated this year from Behchoko, Yellowknife, Fort Resolution and Lutselk'e. The program is offered in a modular format, offering three courses per year through funding from the Department of Health and Social Services.

School of Trades, Apprenticeship & Industrial Training

A variety of programs and courses are offered by the School of Trades, Apprenticeship and Industrial Training, many of which are delivered in conjunction with community and industry partners. Apprenticeship training at Aurora College includes Carpenter, Electrician, Heavy Equipment Technician, Housing Maintainer, Oil Heating System Technician, and Plumber. In addition to some regularly scheduled deliveries, as and when offerings of such programs as Heavy Equipment Operator, Underground Miner, Camp Cook, Building Trades Helper, Introductory Trades, and pre-apprenticeship programs take place at campuses or in communities. The Observer Communicator program was offered three times during the academic year at Thebacha Campus. Trades Access programs are run in conjunction with the School of Developmental Studies.

Aurora Campus

Aurora Campus works closely with community and regional partners and industry in the Sahtu and Beaufort Delta to determine and deliver community and regional-based industrial and trades-related training that best prepares residents for meaningful employment. Building Trades Helper programs were delivered in Inuvik (seven completions) and Tuktoyaktuk.

Thebacha Campus

A total of 68 students attended apprenticeship programs at Thebacha Campus. All four levels of Carpentry were delivered to 24 apprentices; 25 apprentices attended three levels of Electrical; Years 1 & 2 of Heavy Equipment Technician attracted nine apprentices; and ten students took part in Pipes Trades apprenticeship programs (Plumber/Gasfitter 1, & Oil Heating System Technician). The Heavy Equipment Operator (HEO) program ran twice in Fort Smith, with 21 students, and Introduction to HEO was offered in Fort Resolution and K'atl'odeeche First Nation. The Observer Communicator program saw 21 students complete the requirements. Trades Awareness Introductory Program attracted 48 high school students in December from communities in the South Slave.

Yellowknife North Slave Campus

The 2014-15 academic year had no trades programming and few mining related programs due to limited funding. Two deliveries of the Underground Miner program took place in Yellowknife with 17 of 18 students completing. Graduates were successful obtaining full time employment with 16 of the 17 graduates hired. Thirteen of these were with the diamond mines as Underground Miners and the other three with drilling contractors. Delivery of the six-week Introduction to Underground Mining program began June 15, 2015 with 11 students.

Carpentry Instructor Lawrence Cheezie reviews a blueprint with a student.

Community & Extensions Division

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/or itinerant instructors to provide adult upgrading or other skills-based programs.

Akaitcho and South Slave Regions

This year was a busy one for community–based programming in the Akaitcho & South Slave region, as the combination of new Literacy & Essential Skills (LES) courses developed under the NABE program and a robust regional training committee produced numerous program deliveries. The South Slave Labour Market Planning Partnership both determines and funds much of the extra programming that Aurora College delivers in the region. This group is comprised of ASETS coordinators from the NWT Metis Nation, Akaitcho Territory Government, and the Deh Cho First Nations, as well as representatives from the Department of Education, Culture and Employment, and the Mine Training Society. The year kicked off with community-based Heavy Equipment Operator (HEO) in Fort Resolution. This delivery saw the completion of the ring road around Mission Island, a project that has been worked on for several years. HEO mobilized and moved down the road to K'atl'odeeche First Nation, where students worked on developing a quarry for KFN. Building Trades Helper was offered in both Fort Resolution and Lutselk'e. The Forest Operations Program was offered at Thebacha Campus to prepare students from Fort Resolution and Fort Providence to prepare for potential timber harvesting. There were numerous deliveries of LES courses and employment-based continuing education courses throughout the region. Lutselk'e had Start Your Own Business and Financial Literacy modules; Fort Resolution delivered Introduction to Office Skills; Ndilo-Dettah saw a Trades Entrance Exam prep course and Introduction to Office Skills; K'atl'odeeche First Nation offered Start Your Own Small Business, Small Business Funding & Marketing and, Foundations for Success; and Hay River had an evening computer literacy course, Introduction to Office Skills, Small Business Basics and Quickbooks in partnership with ITI, and Firearms Safety. Aboriginal language classes were delivered in Ndilo-Dettah (Weledeh) as well as Hay River (Cree). Both Hay River and K'atl'odeeche delivered Class 7 Driver training courses.

Behchoko Community Adult Educator Terry Forbes works with students taking Introduction to Office Skills course.

Beaufort-Delta Region

Although not the official theme for 2014-15, the Beaufort Delta Region again delivered a substantial number of Literacy and Essential Skills (LES) courses. Six communities (Aklavik, Fort McPherson, Inuvik, Tsiigehtchic, Tuktoyaktuk, and Ulukhaktok) completed NABE funded pilot courses including Foundations for Success, Introduction to Early Learning, and Start Your Own Small Business. These LES courses are popular and complement the Adult Literacy and Basic Education Math, English, Science, Social Studies and Computer courses being delivered. Several Class 7 Driver Training courses and First Aid courses were delivered. Aklavik delivered several courses towards the Traditional Arts Certificate, including: Tanning Fur, Tool Making, Bush and Tundra Crafts and Moose Hide Tanning. One course remains to be delivered to allow students to convocate in May 2016. In partnership with the local schools, Aklavik and Tsiigehtchic delivered courses towards the NWT secondary school diplomas. Students and staff from Aklavik and Ulukhaktok participated in English 130/140 via teleconference on a weekly basis.

Dehcho Region

The Community Learning Centres (CLCs) in Fort Simpson, Fort Liard and Fort Providence program delivery consist of Adult Literacy and Basic Education (ALBE) courses, online Alberta Distance Learning Centre high school courses, Literacy & Essential Skills courses and a variety of Continuing Education courses. This year, the Dehcho Region saw an increase in programming, specifically in third party funded skill training programs and courses in all three CLCs. Flexibility, responsiveness and fostering partnerships have been the key to successful program delivery. Fort Simpson CLC allowed ALBE ongoing intake throughout the year, averaging about 11 students any given month, and finishing with five students in the Alberta Distance Learning courses and four in individualized learning plans in ALBE. Three Literacy & Essential Skills courses - Start Your Own Small Business, Small Business Funding & Marketing, and Financial Literacy - were delivered, with 17 participants completing. Fifteen continuing education courses, ranging from Standard First Aid to Proposal Writing were offered throughout the year, with 140 participants completing the courses. Fort Providence CLC delivered 140-level courses in English, Math and Science. Eight students completed, while four attended part-time from the Language Revitalization Program. Three LES courses, including Start Your own Small Business, Small Business Funding & Marketing, and Introduction to Early Learning and Childcare, were delivered with 29 participants completing the courses.

Whatì Community Learning Centre.

A Small Engine Repair course saw 11 participants completing the course. Fort Liard CLC had students complete Math 120, ICT 140, and ICT 130 level courses in ALBE. Two LES courses were delivered - Foundations To Success and Introduction To Office Skills - with nine students completing. As well, 87 students completed seven Continuing Education courses, which ranged from Introduction to MS Outlook to Food Safe Training. Programming in surrounding communities included Class 7 Driver Training in Jean Marie River (seven completions) and Wrigley (12 completions). Introduction to Office Skills saw seven students complete the course in Nahanni Butte.

Sahtu Region

The Sahtu region had a highly successful year, with a dramatic increase in short courses, such as CPR-First Aid and PAL, as well as specific training for employees of the Mackenzie Valley Fibre Optics line. Aurora College, in conjunction with the Sahtu Health Authority, offered a number of “taster” courses, to promote interest in the Personal Support Worker Program. Due to the success of this promotion, there have been many applications to Personal Support Worker, both in Inuvik and Yellowknife. The introduction of a distance education initiative in the Sahtu Region has boosted student retention and achievement. This initiative has allowed the sharing of subject specialist teaching with the entire region (and the Beaufort Delta), and has supported adult educators in their communities. Students involved in distance learning are part of one large virtual classroom, which through the use of the Schoology Learning Platform, has allowed for greater interaction and peer learning across the Sahtu Region.

Tlicho and Yellowknife Regions

Gameti CLC renovations were completed and the centre opened in January 2015. Over the past few years, three students in Wekweeti CLC have been taking distance education in Early Childhood Development; two received their certificates in May, one has almost completed. LES courses funded by NABE, developed by NWT Literacy Council, and delivered in partnership with the Tlicho Government, continued to be successful. There was both a high rate of interest and graduation rate for Start Your Own Small Business, followed by Small Business Funding & Marketing. In addition to regular ALBE and NABE courses, CLCs strove to provide a wide range of programs and courses to accommodate community needs and to increase life quality, including Wilderness Safety Training, Woodmizer Sawmill Operation with embedded literacy, Wildness First Aid, Standard First Aid, and other project-based programs such as how to build raised-bed greenhouses and plant the garden plots. Whatì’s Adult Educator became a certified Standard First Aid instructor in 2014. Yellowknife Literacy Outreach Centre continued to enjoy vigorous partnerships with other service providers. Relationship were established and fortified with other community service providers, such as Aven Manor, Healthy Family Centre, YWCA, Baker Centre, and Computers for Schools, through hosting events and working as a team for clients. With extra funding from Dominion Diamond Corporation and NWT Literacy Council, the LOC was able to deliver or coordinate Computer literacy, Family Literacy, tutoring and book club for a range of community members rich in age, ethnic backgrounds, literacy levels and social and economic status. Language Instruction for Newcomers to Canada (LINC) and Immigrant Integration Services have reached capacity. This 2014-2015 fiscal year the Integration Advisor has served over 160 clients and a significant amount of non-clients (Foreign Nationals on travel visas, Citizens and Foreign Nationals with no status) with the potential of more clients in the coming years. Aurora College, in Partnership with CIC and ECE, will conduct a Settlement Study to address service gaps and explore service models. New decisions are needed to ensure these programs can be expanded to meet current needs.

Culturally inspired lessons are an important part of Aurora College curriculum.

Continuing Education

Aurora Campus

In 2014-2015 the Continuing Education program at Aurora Campus reemerged as a resource for training opportunities in the Beaufort Delta. The program offered courses under core pillars: Professional Development - Microsoft Office Suite, Verbal Judo, Workplace Communication; General Interest - Traditional Arts, Non-Restricted & Restricted Firearms Training; Certificate Training - First Aid & CPR C, Safety Training, Master Limited. Aurora Campus Continuing Education offered 57 courses and enrolled 448 students. Of these courses, 19 were third-party funded by the NWT and Aboriginal governments. Continuing Education at Aurora Campus has also expanded its local instructor base to increase affordability to students and further support creating jobs in the North.

Thebacha Campus

Continuing Education at Thebacha Campus continues to expand. More than 200 people completed Continuing Education classes at Thebacha Campus in 2014-15. Courses included Standard First Aid, Class 4 and 5 Driver Training, Boating Safety, Forestry Operator Program, WHMIS and TDG, as well as professional development courses such as Verbal Judo, Conflict Resolution, and Training Others. Aurora College also partnered with the Department of Industry, Tourism and Investment to deliver a series of courses aimed at entrepreneurs and small businesses, including Small Business Basics, QuickBooks, Advertising Basics, and Building an Online Presence.

Yellowknife North Slave Campus

A total of 902 participants enrolled in a variety of Continuing Education workshops at Yellowknife North Slave Campus. There were two offerings of the Leadership Certificate Program through Vancouver Community College, which saw a total of 335 participants, and two offerings of the Project Management Program, which saw a total of 201 participants. Professional development courses, including Verbal Judo, Supervisory Skills, Effective Workplace Communication, Public Speaking, Training Others, and Minute Taking attracted another 225 participants.

The Diploma in Supply Management had a total of 144 participants taking part of different aspects of this program. Nine participants completed the program. Seminar portions of the Supply Management diploma program were delivered for the Qulliq Energy Corporation in Baker Lake.

School of Developmental Studies

Aurora Campus

In 2014-15, the Inuvik Learning Centre offered a full slate of Developmental Studies programs including the Adult Literacy and Basic Education (ALBE) and several Access programs. The

Inuvik Learning Centre had a number of students successfully complete the diploma examinations in English, Biology and Math. All of the Inuvik Community Learning Centre instructors are also enrolled in University courses to continue to bring excellence to their instruction and passion to their profession. Tiffany Dwyer received the Instructional Excellence Award for 2014-15.

Thebacha Campus

Thebacha Campus offered a wide range of courses from Literacy Outreach to Grade 12-equivalent courses such as English 150, English 160, Biology 30 and Math 30-2. Developmental Studies offerings at Thebacha Campus consist of ALBE and five Access programs. Trades Access students completed wood working projects at the end of June in their carpentry shop. Highlights this year included: the campus's first adult student to achieve an NWT Senior Secondary School Diploma through the Prior Learning Assessment and Recognition (PLAR) process – Blair Mabbitt; a total of 49 students registered to write the June 2015 Alberta diploma exams for English, Math, Biology and Social Studies; award-winning author and storyteller Sylvia Olsen instructing students on writing to preserve heritage and telling community stories; and four instructors upgrading their own education by working towards their Master's degrees.

Yellowknife North Slave Campus

Developmental Studies at Yellowknife North Slave Campus offered courses in Adult Literacy and Basic Education (ALBE), Business Administration Access, Nursing Access, Social Work Access, and Teacher Education Access. In addition, courses in English 30-1, English 30-2, Biology 30, and Math 30-1 were delivered in the evening as part of the University College Education Prep (UCEP) Program through Continuing Education. In addition, several students registered for distance education courses with Alberta Distance Learning through Aurora College. A Culture Camp in October saw students and staff learn and experience a variety of Traditional Skills on the land. During this full day camp, students and staff worked with several Elders who demonstrated bush skills, making dry fish, and storytelling. Everyone participated in teambuilding activities, such as moving a teepee. During the winter semester, staff and students participated in a "Karnival Kick-off", held the same day as the Long John Jamboree. The Developmental Studies Karnival featured Dene and Inuit games, including stick pull, head pull, seal kick, etc. It was a great opportunity for students to share their Traditional Knowledge and enjoy cultural activities. Students attended the Yellowknives Dene First Nation 7th Annual Career Fair in May.

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 NABE 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.

Highlights include the development, pilot and implementation of four (six week) LES courses, and annual collaboration with partners and stakeholders. The four LES courses are: Introduction to Office Skills, Start Your Own Small Business, Small Business Funding & Marketing, and Introduction to Early Learning & Child Care. They were delivered 54 times in 25 NWT communities, with an overall completion rate of 83 percent, compared to a 47 percent completion rate for regular ALBE courses. The new LES courses garnered a fair amount of positive media coverage and attention, including in News North and Aboriginal Business Quarterly magazine. Three success story videos were produced and have been widely shared. To date, the videos have been viewed nearly 35,000 times on Facebook and YouTube. Information on the four LES courses has also been shared with the NABE Education Partners, the Northwest Territories Aboriginal Skills and Employment Training Strategy (ASETS) Coordinators, Nunavut Arctic College, Yukon College, Skills4Success Symposium, Aurora College Board of Governors, and the Council of Ministers of Education Canada's Promising Practices initiative. Annual collaboration meetings brought together a number of partners and stakeholders, including: NWT Aboriginal Skills and Employment Training Strategy (ASETS) Coordinators, Tree of Peace Friendship Center, Native Women's Association of the NWT, NWT Literacy Council, Skills Canada NWT, NWT & Nunavut Construction Association, GNWT Department of Education, Culture and Employment, GNWT Department of Justice, and NWT Business Development and Investment Corporation. Partners expressed the understanding that the success of adult basic education programming is dependent on building healthy and open partnerships and that the objectives and activities related to adult basic education cannot be achieved by any one person or organization working alone.

Aurora Research Institute

Aurora Research Institute (ARI) is the research division of Aurora College and is responsible for the licensing, conducting and coordinating research in accordance with the NWT Scientist Act. ARI promotes communication between researchers and the people of the land in which they work.

As the research division of Aurora College, Aurora Research Institute (ARI)'s mandate is to improve the quality of life for NWT residents by applying scientific, technological and indigenous knowledge to solve northern problems and advance social and economic goals. ARI provides these services through three research centres - Western Arctic Research Centre in Inuvik, South Slave Research Centre in Fort Smith, North Slave Research Centre in Yellowknife – and ARI headquarters.

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ARI Technician Intern Edwin Amos is an ENRTP Graduate.

50-Year Celebrations

In 2014, ARI celebrated the 50th anniversary of the research headquarters in Inuvik. The celebration honoured the history, capacity and growth of research in the NWT that touched all corners of the territory and beyond. The celebrations took place over the entire year and included many regions and individuals. This anniversary honoured the past and promoted the importance and relevance of northern science across the NWT. Events were designed to honour the significant scientific contributions that have taken place in the NWT over the past 50 years, and to celebrate the role of NWT researchers, technicians and citizens in these pursuits. ARI hosted movie nights, on-the-land programming, commemorative speaker series, an open house and school programming as part of this major initiative. A 16-page newspaper insert was published that included articles from researchers, community members, and past and current research centre staff. About 9,000 copies were included in editions of News North and the Inuvik Drum and were distributed across the territory. The celebrations culminated with a community feast on the night of November 19, when more than 250 people who travelled from across the NWT enjoyed a dinner and festivities. Many previous employees, as well as members of the local community, spoke, sharing their stories of the research centre and its role in the community.

AC research support and Tri-Council Eligibility

2014 saw new research policies for the Aurora College passed by the Board of Governors and come into practice. These seven new policies cover different aspects of research administration and conduct and include:

I. C.50 Academic Freedom
II. I.02 Research Administration
III. I.03 Integrity in Research and Scholarship
IV. I.04 Ethical Conduct for Research Involving Human Subjects
V. I.05 Care of Animals in

Teaching and Research

VI. I.06 Intellectual Property

VII. I.07 Research Associate Program

These rigourous standards of research ethics and administration allowed Aurora College to successfully apply for institutional eligibility from NSERC and SSHRC. Aurora College joins 100 other colleges already eligible to receive and manage funding from the Social Science and Humanities Research Council (SSHRC) and the Natural Science and Engineering Research Council (NSERC). These two councils are major sources of funding for research projects across Canada. This 'institutional eligibility' is a significant accomplishment for Aurora College as it allows faculty and staff to access these funds and increases the College's ability to retain research capacity. Eligibility is the culmination of a vision to build and sustain northern-based research capacity, and it will guide Aurora College and the NWT to a new and exciting phase. It also represents a significant national recognition of the developing college and territorial research capacity.

Licensing

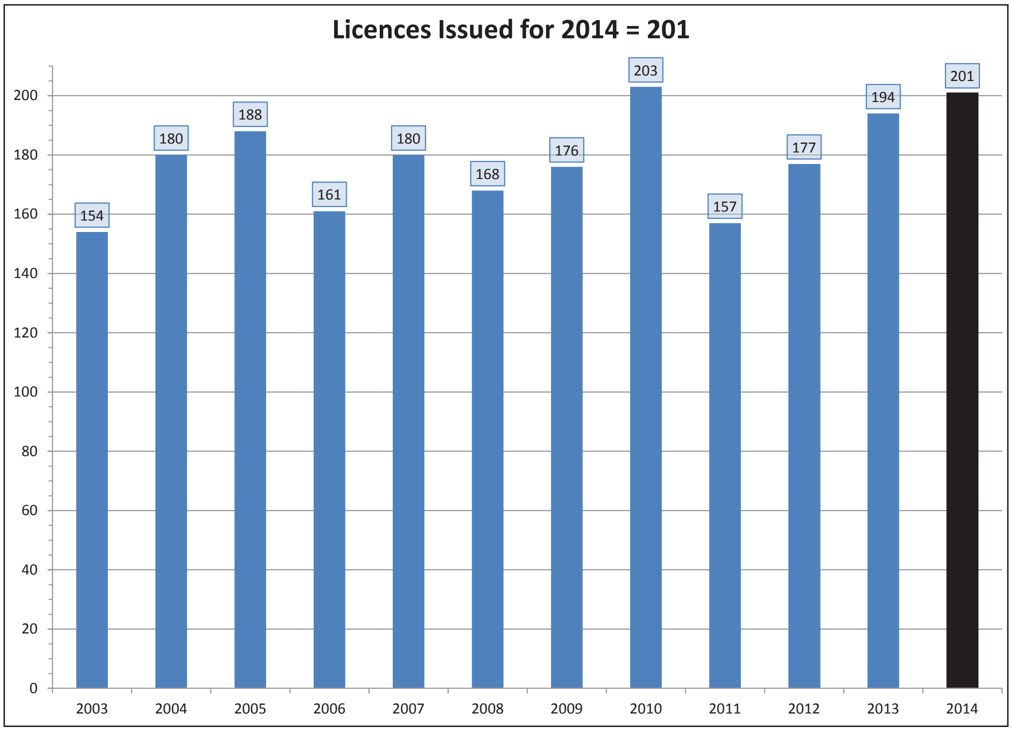
In the 2014 calendar year ARI issued 201 NWT Research Licences. This is one of the highest years on record. ARI also finished and published a comprehensive review of 40 years of licensing data. This document examines the trends of NWT research over all the licencing records, and begins to quantify the richness and depth of this data source in understanding northern research.

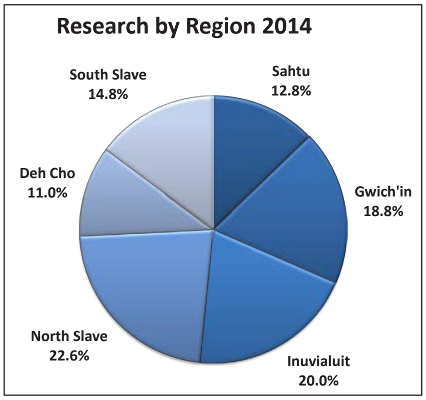
Conducting Research

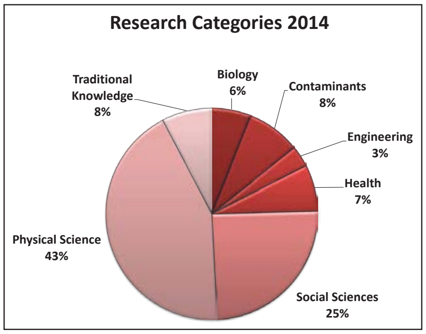
Many ARI staff are actively involved in research projects across the NWT. In 2014-2015, staff studied native seed potential, intimate partner violence, diabetes prevention strategies, northern nursing trends, permafrost and waterbody quality monitoring. On-going programs at WARC include air quality monitoring, wind and solar potential studies, infrastructure studies on northern piles, carbon and neutron monitoring. ARI staff have actively pursued continued research grants from many territorial and federal funding sources.

Research Communication

In 2014-2015, ARI staff undertook a range of communication initiatives. Staff presented their work and research both close to home in many of the NWT communities and as far away as Oulu, Finland. ARI continues to host the ConocoPhillips Scientific Speaker Series at each campus and engages researchers focused on northern inquiry to travel across the NWT to present to







President Jane Arychuk receives a robotics demonstration during ARI's 50th Anniversary Celebration.

a range of audiences including schools, preschools, faculty and community members. In this past year, publication of the most recent Compendium of NWT Scientific Research has been published, after piloting a more collaborative summary editing process with the researchers. Finally, upgrades to the ARI website have improved functionality of the site.

Research logistics

ARI facilities supported researches across the NWT. At WARC, the busiest facility, about 80 research teams used ARI's logistical services in 2014. Accommodations were more than 75 percent full during the busiest field season in July and August.

Community Innovation

ARI continues to build and support collaboration with community organizations. For example, in 2015, ARI staff worked with the Sahtú Renewable Resource Board to transfer information about traditional place names and historical notes into an interactive online map platform, building a catalogue of historical spatial knowledge for the region. The online tool can be found at: http://data.nwtresearch.com/Petitot. This map is an innovative, modern tool to allow for Traditional Knowledge to be studied and communicated. This type of collaboration is being expanded to other community organizations with similar datasets.

ARI also spearheaded the Science Rendezvous in Inuvik. It included fifteen different groups in Inuvik with demonstrations connecting science to their careers. More than one hundred students attended the Saturday event.

College Instruction

ARI staff continue to support instruction at Aurora College. ARI staff instruct in the nursing, education, and ENRTP programs.

Student Support Services

Aurora College prides itself on the types and quality of
Some of the many services provided by the Student Se

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

Campus Location	Type of Units	Total Number of Units
Aurora Campus	Single	30 Units
	Family	34 Units
Thebacha Campus	Single	62 Units
	Family	66 Units
Yellowknife North Slave Campus	Single	16 Units
	Family	48 Units

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 will create 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.

Thebacha Campus Admissions Officer Jessi Johnson.

supports provided to students.
ervices Division are outlined below:

Aurora College features full service Libraries at all campuses.

Students make use of campus computer labs.

2014 - 2015 Enrolment

Enrolments for the 2014-15 Academic Year are shown on the opposite page. Previous year enrolments are shown for comparative purposes. Beginning in the 2014-15 academic year, the method of reporting enrolments has been modified, so the previous method and the revised method are both presented for comparison.

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.

Student Enrolment by Campus

Campus	2014-15 FTE		2013-14 FTE		2012-13 FTE	
	Previous Method	Revised Method	Previous Method	Revised Method	Previous Method	Revised Method
Aurora	235.1	235.9	235.9	224.0	221.2	232.4
Thebacha	494.5	360.0	460.5	398.3	388.5	361.0
Yellowknife North Slave	337.8	300.9	361.1	325.9	366.5	338.9
Total College	**1067.4**	**896.8**	**1057.5**	**948.2**	**976.2**	**932.3**

Full Time Equivalent Students by Location by Program Division

School/Division	2014-15 FTEs		2013-14 FTEs		2012-13 FTEs	
	Previous Method	Revised Method	Previous Method	Revised Method	Previous Method	Revised Method
Continuing Education	273.7	114.1	149.4	76.3	141.0	63.8
Developmental Studies	298.3	412.1	329.1	410.5	281.5	376.3
Arts & Science	34.9	41.4	39.1	47.9	33.2	41.2
Business & Leadership	64.9	57.7	112.5	95.4	123.8	106.1
Education	58.8	59.2	46.8	49.2	58.8	61.3
Health & Human Services	134.4	140.5	127.9	130.6	168.0	171.9
Trades, Apprenticeship w& Industrial Training	202.4	71.8	252.7	138.3	169.9	111.7
Total	**1067.4**	**896.8**	**1057.5**	**948.2**	**976.2**	**932.3**

Student Enrolment by Campus (student count)

Campus	2014-15 Full-Time Students		2014-15 Part-Time Students		2013-14 Full-Time Students		2013-14 Part-Time Students	
	Previous Method	Revised Method	Previous Method	Revised Method	Previous Method	Revised Method	Previous Method	Revised Method
Aurora	93	124	968	912	114	131	549	528
Thebacha	183	190	983	948	235	257	886	812
Yellowknife	**157**	**185**	**914**	**731**	**186**	**221**	**830**	**710**
Total College	**433**	**499**	**2,865**	**2,591**	**535**	**609**	**2,265**	**2,050**

(Source: Registrar - Student Records System)

AURORA COLLEGE
SPRING CONVOCATION
2015

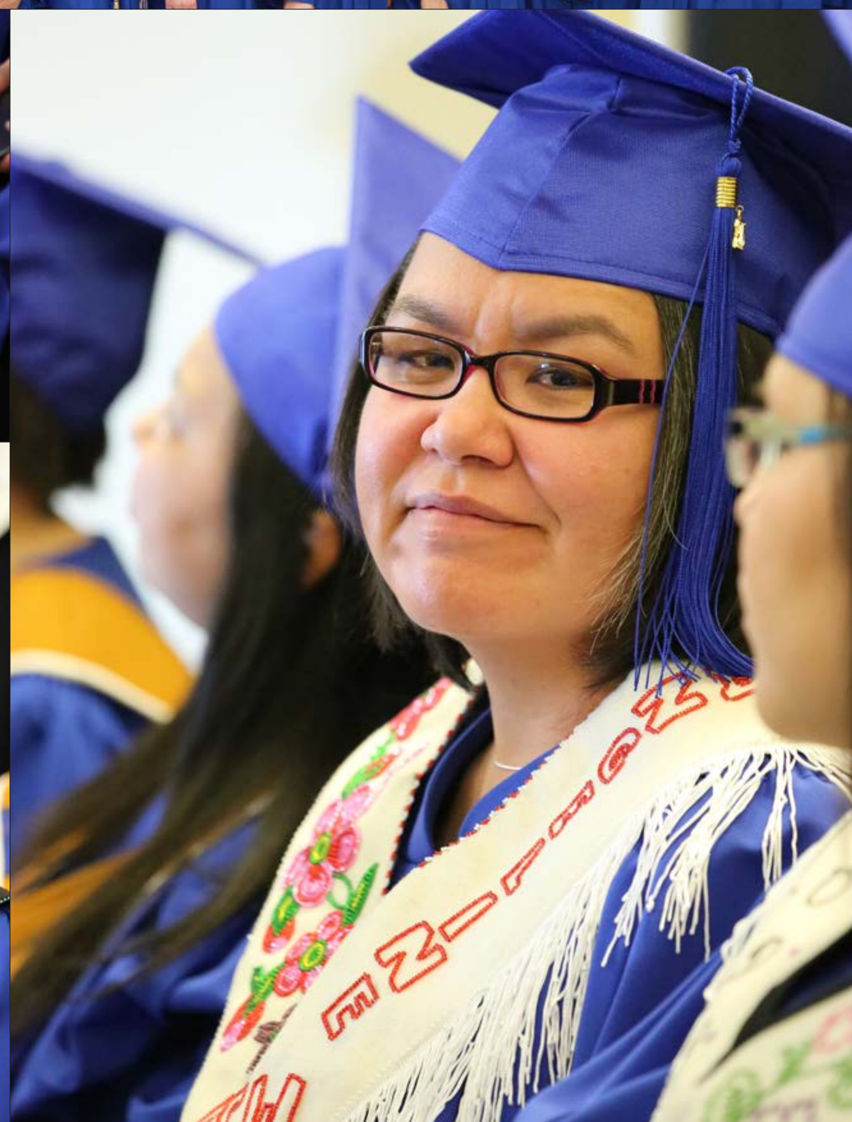
Graduates by School

School of Arts & Science
Environment & Natural Resources Technology Diploma – 14

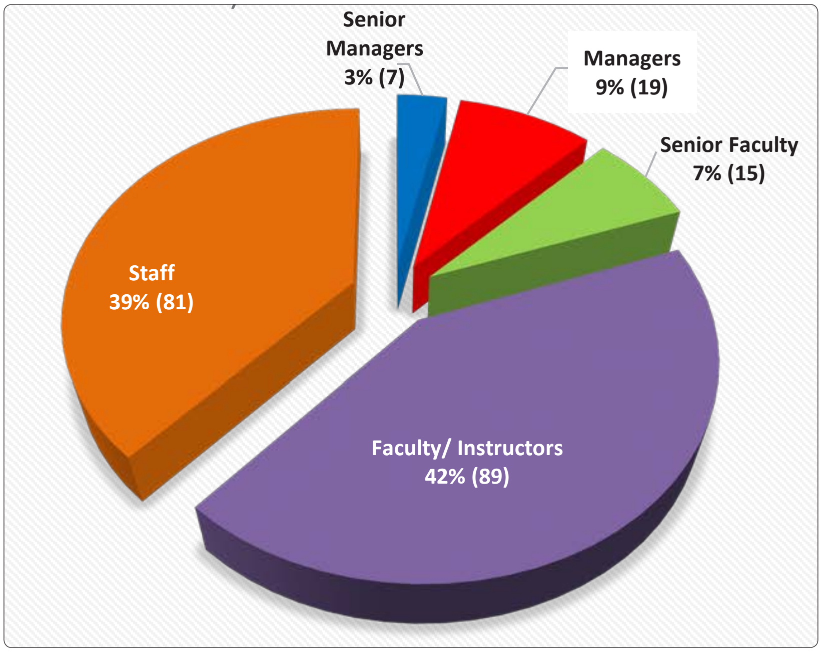
School of Business & Leadership
Business Administration Certificate – 9
Business Administration Diploma – 7
Office Administration Certificate – 13

School of Education
Early Childhood Development Certificate – 4
Bachelor of Education – 8

School of Health & Human Services
Community Health Representative Certificate – 3
Personal Support Worker Certificate – 14
Social Work Diploma – 6
Bachelor of Science in Nursing – 16
Master of Nursing Practitioner- 3



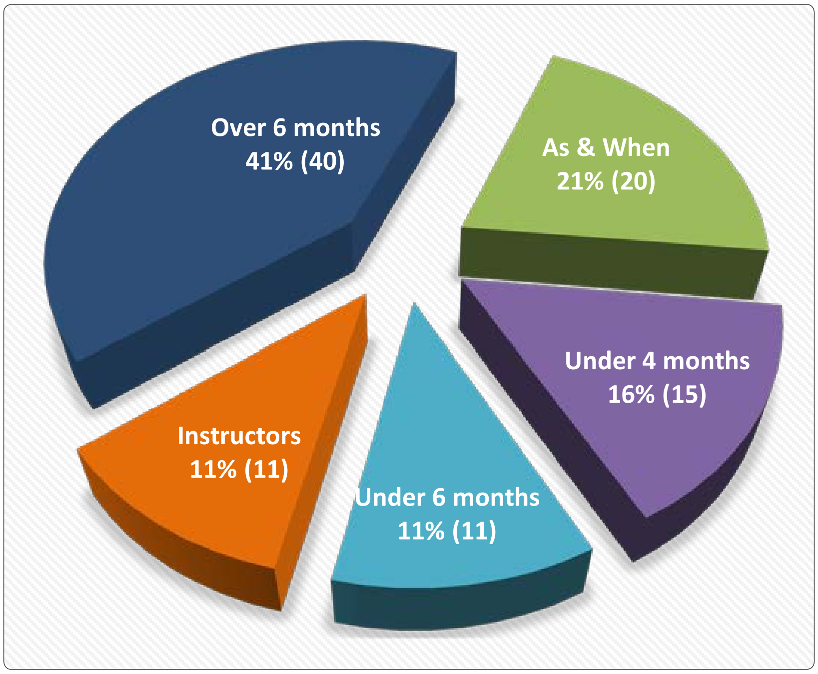
Supplementary Information



2014-15
Permanent Employees
at February 28, 2015

Total permanent employees - 211

(Source: Corporate Human Resources)

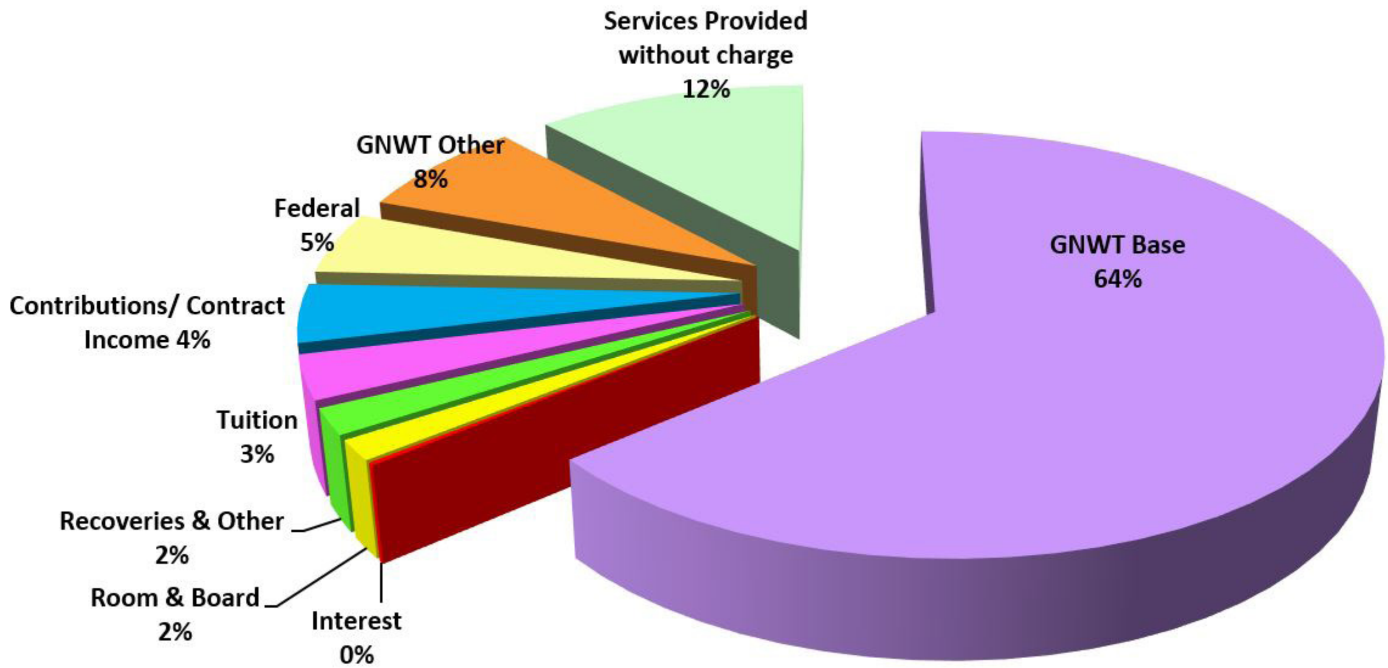


2014-15
Casual Employees
at February 28, 2015

Total casual employees - 97

(Source: Corporate Human Resources)

2014-2015 Revenue by Source



AURORA COLLEGE
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015

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.

Jane Arychuk President	Celestine Starling Director of Finance/Chief Financial Officer

Fort Smith, NT, Canada
November 24, 2015

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 2015, 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.

.../2

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Aurora College as at 30 June 2015, 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 *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 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 Part IX of the *Financial Administration Act* of the Northwest Territories and regulations, the *Aurora College Act* and regulations and the by-laws of Aurora College.

Guy LeGras, CPA, CA
Principal
for the Auditor General of Canada

24 November 2015
Edmonton, Canada

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2015
(in thousands of dollars)

	2015	2014
Financial assets		
Cash and cash equivalents (Note 3)	$ 8,848	$ 8,202
Accounts receivable (Note 4)	2,220	5,328
	11,068	13,530
Liabilities		
Accounts payable and accrued liabilities	1,366	1,808
Payroll liabilities	1,398	1,767
Deferred revenue	244	256
Due to the Government of the Northwest Territories	1,816	2,820
Employee future benefits (Note 5)	2,270	1,960
Professional development fund (Note 6)	1,946	1,961
	9,040	10,572
Net financial assets	**2,028**	2,958
Non-financial assets		
Prepaid expenses	655	425
Tangible capital assets (Note 7)	5,114	5,529
	5,769	5,954
Accumulated surplus (Note 8)	**$ 7,797**	$ 8,912

Contingent liabilities and commitments (Notes 12 and 13)

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

Approved by the Board of Governors:

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, 2015
(in thousands of dollars)

	2015 Budget	2015 Actual	2014 Actual
Revenues			
Government contributions (Note 9)	$ 32,126	$ 32,518	$ 31,745
Other contributions			
Services provided without charge (Note 11)		6,006	5,520
Government of the Northwest Territories	-	3,856	3,731
Other third party contributions	-	2,312	2,743
Government of Canada	-	2,473	3,836
Own source revenues			
Tuition fees	949	1,732	1,681
Recoveries and other	354	1,026	1,177
Room and board	800	794	873
Interest income	95	113	109
	34,324	50,830	51,415
Expenses			
Financial and accounting services	2,113	2,265	2,034
Pooled services	2,380	5,012	5,257
Student services	9,649	10,808	10,327
Education and training	12,119	20,020	20,452
Community and extensions	6,535	11,362	10,831
Aurora Research Institute	1,712	2,478	2,800
	34,508	51,945	51,701
Annual deficit	(184)	(1,115)	(286)
Accumulated surplus at beginning of year	8,912	8,912	9,198
Accumulated surplus at end of year	$ 8,728	$ 7,797	$ 8,912

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, 2015
(in thousands of dollars)

	2015 Budget	2015 Actual	2014 Actual
Annual deficit	$ (184)	$ (1,115)	$ (286)
Acquisition of tangible capital assets	-	(738)	(446)
Loss on write-off of tangible capital assets	-	101	4
Write-down of tangible capital assets	-	75	-
Amortization of tangible capital assets	451	977	957
	451	415	515
(Increase) decrease in prepaid expenses	-	(230)	213
Increase / (decrease) in net financial assets	267	(930)	442
Net financial assets at beginning of year	2,958	2,958	2,516
Net financial assets at end of year	**$ 3,225**	**$ 2,028**	**$ 2,958**

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2015
(in thousands of dollars)

	2015	**2014**
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$ 36,707	$ 35,661
Students and other third parties	8,627	3,364
Government of Canada	2,473	3,836
Interest	113	109
Cash paid for:		
Cash paid for compensation and benefits	(31,376)	(28,095)
Cash paid to suppliers	(15,160)	(15,717)
Cash provided by (used for) operating transactions	**1,384**	**(842)**
Capital transactions		
Acquisition of tangible capital assets	(738)	(446)
Cash used for capital transactions	**(738)**	**(446)**
Increase (decrease) in cash and cash equivalents	**646**	**(1,288)**
Cash and cash equivalents at beginning of year	8,202	9,490
Cash and cash equivalents at end of year	**$ 8,848**	**$ 8,202**

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

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 responsible for the facilitation and preparation of research activity in the NWT.

b) Contributions from the Government of the Northwest Territories

The College receives contributions from the Government of the Northwest Territories ("Government") as set out in the Government's Main Estimates and adjusted by 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 assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenues accruals.

b) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short term highly liquid investments that are readily convertible to cash with a maturity date of 90 days or less from the date of the acquisition. Cash equivalents are recorded at cost.

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 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 annual appropriation from the Government on a monthly basis based on the approved yearly cash flow. 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 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 cash equivalents and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities and due to Government of the Northwest Territories which are both 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. Any write-offs greater than $20,000 must be submitted to the Financial Management Board for 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.

o) Adoption of new Public Sector Accounting Standards

Effective July 1, 2014, the College adopted PS 3260 – Liability for Contaminated Sites. This section establishes recognition, measurement and disclosure standard for liabilities related to contaminated sites. There was no significant impact of adopting this standard on the College's financial statements for the year ending June 30, 2015.

3. CASH AND CASH EQUIVALENTS

	2015	2014
	(in thousands)	
Cash	$ 154	$ 1,367
Cash equivalents	8,694	6,835
	$ 8,848	$ 8,202

The College's cash equivalents are pooled with the Government of the Northwest Territories' surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government of the Northwest Territories. The Department of Finance approves the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-2 High or better by the Dominion Bond Rating Service Ltd. The College's average annual investment yield for the year ended June 30, 2015 was 1.11% (2014 – 1.10%).

4. ACCOUNTS RECEIVABLE

	2015 (in thousands)			2014
	Accounts Receivable	**Allowance**	**Net**	**Net**
Government of the Northwest Territories	$ 458	$ 11	$ 447	$ 723
Federal Government	308	36	272	-
Other	1,456	43	1,413	4,521
Students	294	206	88	84
	$ 2,516	$ 296	$ 2,220	$ 5,328

5. EMPLOYEE FUTURE BENFITS

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 $1.28 (2014 - $1.45) for every dollar contributed by the employee, and $7.13 (2014 - $7.59) for every dollar contributed by the employee for the portion of the employee's salary above $158 thousand (2014 - $155 thousand).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes $1.28 (2014 - $1.43) for every dollar contributed by the employee, and $7.13 (2014 - $7.59) for every dollar contributed by the employee for the portion of the employee's salary above $158 thousand (2014 - $155 thousand).

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

	2015	2014
	(in thousands)	
College's contributions	$ 2,568	$ 2,618
Employees' contributions	1,776	1,609
	$ 4,344	$ 4,227

b) Severance, removal and compensated absences

The College provides severance benefits to its employees based on years of service and final salary. The College also provides removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees, as provided under labour contracts. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations.

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 valued using the expected utilization methodology.

Change in estimate

During the year ended 30 June 2015, the method for calculating other employee future benefits was refined to better reflect the probability that these benefits would be used in the future based on past experience. This change in accounting estimate is being accounted for on a prospective basis starting 1 July 2014, which increases the compensation and benefits expense and increases employee future benefits liability by $116.

Valuation results

The actuarial valuation includes the liabilities as at June 30, 2015 as well as current service costs that would be appropriate to use for the next three years. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2015. The values presented below for all of the benefits under the Compensated Absences and Termination Benefits for Aurora College.

	2015	2014
		(in thousands)
Severance	970	876
Removal and compensated absences	1,300	1,084
	$ 2,270	$1,960

6. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make available a specific amount of funding, against which approved instructor professional development expenses are charged. The balance represents the accumulated unspent amount of the College's obligation to instructors.

Information about the fund is as follows:

	2015	2014
		(in thousands)
Professional development fund, beginning of year	$ 1,961	$ 1,907
Contributions	433	450
Recovery of funds	-	-
Professional development paid during the year	(448)	(396)
Professional development fund, end of year	$ 1,946	$ 1,961

Aurora College
Notes to the Financial Statements
June 30, 2015

7. TANGIBLE CAPITAL ASSETS

June 30, 2015	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2015 Total	2014 Total
Cost						
Opening balance	$ 5,312	$ 1,991	$ 6,499	$ 2,124	$ 15,926	$ 16,707
Additions	246	-	298	194	738	446
Write-off	-	-	(1,379)	(178)	(1,557)	(1,227)
Closing balance	5,558	1,991	5,418	2,140	15,107	15,926
Accumulated amortization						
Opening balance	2,640	1,642	4,685	1,430	10,397	10,663
Amortization	260	100	503	114	977	957
Write-off	-	-	(1,278)	(178)	(1,456)	(1,223)
Write-down	75	-	-	-	75	-
Closing balance	2,975	1,742	3,910	1,366	9,993	10,397
Net book value	**$ 2,583**	**$ 249**	**$ 1,508**	**$ 774**	**$ 5,114**	**$5,529**

8. ACCUMULATED SURPLUS

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

	(in thousands)				
Reserves	**Balance, opening July 1, 2014**	**Net results of operations**	**Appropriated**	**Used in operations**	**Balance, ending June 30, 2015**
a) Mallik research reserve	$ 100	$ -	$ -	$ -	$ 100
b) Northern strategic research reserve	486	-	6	-	492
c) Program delivery	300	-	-	-	300
d) Research & development	145	-	33	(33)	145
e) HEO replacement & maintenance	140	-	-	(140)	0
f) Restricted donations	35	-	-	-	35
Total reserves	1,206	-	39	(173)	1,072
Operating surplus (deficit)	7,706	(1,115)	(39)	173	6,725
Total accumulated surplus	$ 8,912	$ (1,115)	$ -	$ -	$ 7,797

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.

9. GOVERNMENT CONTRIBUTIONS

	2015	2014
	(in thousands)	
Operating contributions	$32,325	$ 31,555
Capital contributions	193	190
	$32,518	$ 31,745

10. 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.

	2015	2014
		(in thousands)
Accounts receivable (Note 4)	$ 458	$ 791
Amounts due to the Government	$ 1,816	$ 2,820

Revenues

Included in Recoveries and other revenues is Nil (2014 – $175) of Territorial government funding.

Expenses

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government $820,000 (2014 – $1,134,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

11. SERVICES PROVIDED WITHOUT CHARGE

During the year, the College received without charge from the Government services including utilities $2,495,000 (2014 – $1,819,000) and repairs and maintenance $1,264,000 (2014 – $1,627,000).

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 $216,000 (2014 – $367,000) 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 $1,818,000

(2014 – $1,661,000) 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 $213,000 (2014 – $ 46,000).

	2015	2014
	(in thousands)	
Contract services	$ 216	$ 367
Repairs and maintenance	1,264	1,627
Building utilities	2,495	1,819
Building leases	1,818	1,661
Medical travel	213	46
	$ 6,006	$ 5,520

12. 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.

13. 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:

	Operating leases	Service agreements
	(in thousands)	
2016	$ 307	$ 4,712
2017	119	3,716
2018	66	1,649
2019	19	1,186
Thereafter	17	534
	528	$ 11,797

14. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash and cash equivalents, 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 cash equivalents and accounts receivable.

Cash and cash equivalents

Credit risk on cash and cash equivalents arises from the possibility that the counterparty to the instrument fails to meet their obligations. In order to manage this risk, the College deals with senior Canadian chartered banks for its cash. The College's cash equivalents are held by the Government of the Northwest Territories on behalf of the college and consist of high-quality, short term income producing term deposits. The credit risk for these term deposits is considered to be low. The maximum exposure to credit risk is $8,848,000 (2014 - $8,202,000).

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 2015 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 $2,220,000 (2014 - $5,328,000).

At 30 June 2015 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days $28,000; 61-90 days $11,000; and over 90 days $22,000.

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	$21,000	Nil	Nil
Other third parties	$202,000	$5,000	Nil
Federal Government	$147,000	$38,000	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 equivalents. This risk is not significant due to the short terms to maturity of cash equivalents.

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.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of the cash and cash equivalents, 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.

16. SEGMENT DISCLOSURE

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

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

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

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

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

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

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

Aurora Research Institute
Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the NWT.

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

Aurora College
Segmented disclosures
June 30, 2015

Schedule A

For the period ended June 30, 2015	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)	2015 Total (in thousands)	2015 Budget (in thousands)	2014 Total (in thousands)
Revenues									
Government Contributions	$ 2,018	$ 2,588	$ 8,838	$ 10,614	$ 6,806	$ 1,654	$ 32,518	$ 32,126	$ 31,745
Other Contributions									
Services Provided without Charge	-	1,693	-	4,313	-	-	6,006	-	5,520
Government of the Northwest Territories	-	-	74	2,478	1,195	109	3,856	-	3,731
Other third party contributions	1	44	38	1,589	258	382	2,312	-	2,743
Federal government	-	-	-	25	2,353	95	2,473	-	3,836
Own Source Revenue									
Tuition fees	-	-	65	953	714	-	1,732	949	1,681
Recoveries and other	353	103	50	383	82	55	1,026	354	1,177
Room and board	-	-	722	-	-	72	794	800	873
Interest income	113	-	-	-	-	-	113	95	109
	2,484	4,428	9,787	20,355	11,408	2,367	50,830	34,324	51,415
Expenses									
Compensation and benefits	1,752	1,284	4,564	12,135	8,804	1,716	30,255	23,639	29,517
Building leases	-	-	5,146	1,819	17	-	6,982	4,997	6,618
Materials and supplies	227	293	168	765	295	91	1,839	1,411	1,696
Utilities	-	-	164	2,510	4	9	2,687	208	2,039
Contract services	32	358	173	590	715	289	2,157	1,249	2,368
Repairs and maintenance	1	1,264	230	219	72	11	1,797	-	2,221
Small equipment	30	5	32	331	42	25	465	160	754
Fees and payments	82	518	82	609	60	80	1,431	1,302	1,592
Travel and accommodation	66	150	136	427	326	166	1,271	665	1,380
Professional services	-	-	3	447	826	14	1,290	-	1,878
Amortization of tangible capital assets	-	1,052	-	-	-	-	1,052	451	957
Communication, postage and freight	75	88	110	168	201	77	719	426	681
	2,265	5,012	10,808	20,020	11,362	2,478	51,945	34,508	51,701
Annual surplus (deficit)	$ 220	$ (584)	$ (1,021)	$ 335	$ 46	$ (110)	$ (1,115)	$ (184)	$ (286)

** 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, 2016

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ARCTIC ENERGY ALLIANCE

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Yellowknife NT X1A 1S7

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 judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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

Louie Azzolini
Executive Director

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Arctic Energy Alliance

We have audited the accompanying financial statements of Arctic Energy Alliance, which comprise the Statement of Financial Position as at March 31, 2016, and the Statements of Changes in Net Assets, Operations, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Arctic Energy Alliance as at March 31, 2016, 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.
Certified General Accountants
Yellowknife, NT

June 30, 2016

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION
March 31, 2016

ASSETS

	2016	2015
CURRENT		
Cash	$ 515,527	$ 664,045
Short term investments (note 3)	543,299	60,252
Accounts receivable (note 4)	358,643	525,066
Prepaid expenses	187,064	37,614
	1,604,533	1,286,977
TANGIBLE CAPITAL ASSETS (note 5)	87,970	82,739
	$ 1,692,503	$ 1,369,716

LIABILITIES

	2016	2015
CURRENT		
Wages and benefits payable	$ 112,041	$ 61,094
Government remittances payable (note 6)	30,726	33,893
Trade payables and accruals (note 7)	340,931	245,976
Provision for rebates (note 8)	16,800	43,000
Deferred revenue (note 9)	351,828	203,487
	852,326	587,450
DEFERRED GOVERNMENT ASSISTANCE (note 10)	22,150	25,856
	874,476	613,306

NET ASSETS

	2016	2015
RESERVES per page 2	709,605	566,000
INVESTED IN TANGIBLE CAPITAL ASSETS per page 2	57,820	56,884
ACCUMULATED SURPLUS per page 2	50,602	133,526
	818,027	756,410
	$ 1,692,503	$ 1,369,716

Approved:

Director

Director

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2016

	2016			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 133,526	$ 566,000	$ 56,884	$ 756,410
Excess of revenues over expenses	61,617	-	-	61,617
Transfer to reserves (note 15)	(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)	-
BALANCE, closing	$ 50,602	$ 709,605	$ 57,820	$ 818,027

	2015			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 77,185	$ 541,000	$ 51,230	$ 669,415
Excess of revenues over expenses	86,995	-	-	86,995
Transfer to reserves	(25,000)	25,000	-	-
Purchase of tangible capital assets	(29,657)	-	29,657	-
Amortization of tangible capital assets	11,209	-	(11,209)	-
Deferred government assistance additions	15,000	-	(15,000)	-
Amortization of deferred government assistance	(2,206)	-	2,206	-
BALANCE, closing	$ 133,526	$ 566,000	$ 56,884	$ 756,410

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
REVENUES			
Contributions from GNWT	$ 3,761,035	$ 3,264,595	$ 2,668,776
Contributions from Canada	-	5,461	17,263
Other source income	210,022	186,710	351,196
Membership fees	277,500	277,500	277,500
Interest income	9,000	9,491	11,780
	4,257,557	3,743,757	3,326,515
EXPENSES			
Advertising and promotion	64,178	52,778	56,718
Amortization	16,900	23,307	11,209
Consulting fees	135,210	90,627	254,906
Equipment rental	24,682	24,426	12,563
Facility rental and tradeshow fees	10,377	14,577	6,941
Fees and dues	3,283	5,992	4,062
Hospitality	14,159	8,834	4,837
Insurance	13,362	12,190	13,672
Interest and bank charges	4,200	5,285	3,022
Office and general	392,788	243,858	132,099
Professional development	48,649	39,691	20,414
Professional fees	17,415	25,801	36,714
Rebates	965,065	906,207	641,916
Rent and utilities	153,300	146,336	138,542
Telephone, Internet and Website	27,456	34,870	26,705
Travel and accommodation	234,646	148,076	185,621
Wages and benefits	2,079,619	1,899,285	1,689,579
	4,205,289	3,682,140	3,239,520
EXCESS OF REVENUES OVER EXPENSES	$ 52,268	$ 61,617	$ 86,995

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS
For the year ended March 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from GNWT	$ 3,691,532	$ 2,611,069
Cash receipts from Government of Canada	19,350	11,429
Cash receipts from membership fees	270,000	272,500
Cash receipts from other sources	139,949	471,309
Cash receipts from interest	6,444	10,980
Contributions repaid	(109,371)	(48,177)
Cash paid for wages and benefits	(1,851,507)	(1,703,711)
Cash paid for materials and services	(1,807,154)	(1,552,403)
	359,243	72,996
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(28,537)	(21,658)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	60,776	60,810
Purchase of short term investments	(540,000)	(60,000)
	(479,224)	810
(DECREASE) INCREASE IN CASH	(148,518)	52,148
CASH, opening	664,045	611,897
CASH, closing	$ 515,527	$ 664,045

See accompanying notes

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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.

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.

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:

	2016	2015
0.80% interest, cashable, matures June 18, 2016	$ 450,000	$ -
1.55% interest, non-redeemable, matures December 2, 2016	90,000	60,000
Accrued interest	3,299	252
	$ 543,299	$ 60,252

4. ACCOUNTS RECEIVABLE

	2016	2015
Contributions receivable:		
Government of the Northwest Territories	$ 227,154	$ 390,706
Government of Canada	-	14,784
Total contributions receivable	227,154	405,490
Members	32,500	15,000
Other	113,301	118,888
Allowance for doubtful accounts	(14,312)	(14,312)
	$ 358,643	$ 525,066

5. TANGIBLE CAPITAL ASSETS

				2016				
		Cost		Accumulated amortization		Net		2015 Net
Computer equipment	$	36,010	$	11,754	$	24,256	$	-
Computer software		33,028		16,044		16,984		26,314
Heating equipment		36,242		5,542		30,700		32,512
Leasehold improvements		27,396		27,396		-		-
Office equipment		42,460		26,430		16,030		23,913
	$	175,136	$	87,166	$	87,970	$	82,739

During the year, the Society purchased tangible capital assets with a cost of $28,537 (2015 - $29,657) of which $nil (2015 - $8,000) was acquired by assuming directly related liabilities and the balance of $28,537 (2015 - $21,658) was paid cash.

Net assets invested in tangible capital assets as at March 31, 2016 are as follows:

		2016		2015
Tangible capital assets	$	87,970	$	82,739
Asset retirement obligation (note 7)		(8,000)		-
Deferred government assistance (note 10)		(22,150)		(25,855)
Net assets invested in tangible capital assets per page 2	$	57,820	$	56,884

6. GOVERNMENT REMITTANCES PAYABLE

		2016		2015
Payroll remittances payable	$	25,303	$	22,487
Related parties:				
Workers' Safety and Compensation Commission		2,509		8,634
GNWT - Department of Finance		2,914		2,772
	$	30,726	$	33,893

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

7. TRADE PAYABLES AND ACCRUALS

	2016	2015
Accrued liabilities:		
EEIP rebates	$ 4,500	$ 6,921
Other	40,425	29,301
Pellet boiler asset retirement obligation	8,000	8,000
Total accrued liabilities	52,925	44,222
Trade payables	288,006	201,754
	$ 340,931	$ 245,976

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:

	2016	2015
Provision for the current year	$ 16,800	$ 43,000
Rebates paid previously provided for	(18,080)	(59,017)
Unused provision reversed (note 9)	(24,920)	(20,983)
Change in provision during the year	(26,200)	(37,000)
Provision for rebates, opening	43,000	80,000
Provision for rebates, closing	$ 16,800	$ 43,000

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

9. DEFERRED REVENUE

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

	2016	2015
Restricted contributions balance, opening	$ 159,239	$ 38,177
Receipts	3,338,000	2,430,700
Funding receivable	189,979	404,595
In-kind (note 14)	8,167	14,000
Repayments	(109,371)	(48,177)
Transfer unused EEIP contributions (note 8)	24,920	20,983
Transfer to deferred government assistance	-	(15,000)
Funding expended	(3,289,515)	(2,686,039)
Restricted contributions balance, closing	321,419	159,239
Fee for service received in advance	30,409	44,248
Total deferred revenue	$ 351,828	$ 203,487

10. DEFERRED GOVERNMENT ASSISTANCE

	2016			2015
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	$ 14,121	$ 2,471	$ 11,650	$ 12,356
GNWT-ENR - Energy Efficiency Incentive Program: Database	15,000	4,500	10,500	13,500
	$ 29,121	$ 6,971	$ 22,150	$ 25,856

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

11. RESERVES

During the year, Arctic Energy Alliance transferred $143,605 (2015 - $25,000) from unrestricted net assets to meet its capital management objectives as described in note 15. The reserves at March 31, 2016 of $709,605 (2015 - $566,000) 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:

	2016 Budget	2016 Actual	2015 Actual
Excess of revenues over expenses per page 3	$ 52,268	$ 61,617	$ 86,995
Acquisition of tangible capital assets	(30,037)	(28,537)	(29,657)
Amortization of tangible capital assets	16,900	23,307	11,209
Acquisition of prepaid expenses	-	(203,756)	(55,722)
Use of prepaid expenses	-	54,305	46,300
Deferred government assistance additions	-	-	15,000
Amortization - deferred government assistance	-	(3,706)	(2,206)
Increase (decrease) in net financial assets	39,131	(96,770)	71,919
Net financial assets, opening	661,913	661,913	589,994
Net financial assets, closing (note 15)	$ 701,044	$ 565,143	$ 661,913

12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2016	2015
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
	$ 277,500	$ 277,500

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

12. MEMBERSHIP FEES, continued

	2016	2015
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 and equipment in Yellowknife. Future minimum lease payments are as follows.

2017	$ 69,622
2018	3,201
2019	3,201
2020	800
	$ 76,824

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 $8,167 (2015 - $14,000) 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, 2016, 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, 2016 are as follows:

	2016	2015
Net assets per page 2	$ 818,027	$ 756,410
Less: Non-financial assets		
Prepaid expenses	187,064	37,614
Tangible capital assets	87,970	82,739
Deferred government assistance	(22,150)	(25,856)
	252,884	94,497
Net financial assets (note 11)	$ 565,143	$ 661,913

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.

	Opening Balance	Transfers	Closing Balance
Operating Reserve	$ 566,000	$ 34,000	$ 600,000
Credit Card Reserve	-	90,000	90,000
Contingency Reserve	-	19,605	19,605
	$ 566,000	$ 143,605	$ 709,605

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

16. ALLOCATED EXPENSES

During the year, the Society allocated $333,363 (2015 - $268,537) representing administration and overhead allocated to programs at a 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 2016 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 of revenues over expenses during the year to cash flows from operating activities is as follows:

	2016	2015
Excess of revenues over expenses per page 3	$ 61,617	$ 86,995
Items not affecting cash:		
Amortization of tangible capital assets	23,307	11,209
Amortization of deferred government assistance	(3,706)	(2,206)
Increase in deferred government assistance	-	15,000
Change in accrued interest from GICs	(3,047)	10
Interest income received relating to short term investments	(776)	(810)
	77,395	110,198
Net change in non-cash working capital accounts:		
Decrease (increase) in accounts receivable	166,422	(139,725)
Increase in prepaid expenses	(149,450)	(9,421)
Increase in wages and benefits payable	50,947	7,251
Decrease in government remittances payable	(3,167)	(21,385)
Increase (decrease) in trade payables and accruals	94,955	(2,232)
Decrease in provision for rebates	(26,200)	(37,000)
Increase in deferred revenue	148,341	165,310
	281,848	(37,202)
Cash flows from operating activities per page 4	$ 359,243	$ 72,996

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 except that certain services are provided without charge (note 14). 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.

	2016	2015
Revenue		
Fee for service:		
GNWT - Department of Public Works and Services	$ -	$ 1,219
NWT Housing Corporation	44,291	32,780
Aurora College	-	6,250
	$ 44,291	$ 40,249
Expenses		
Aurora College - Rent	$ 12,000	$ 14,426
Workers' Safety and Compensation Commission	9,697	8,073
	$ 21,697	$ 22,499
Receivables from related parties:		
GNWT-ENR	$ 37,176	$ 390,706
GNWT-Department of Finance	46,999	-
GNWT-Department of Public Works and Services	142,980	1,280
Northwest Territories Power Corporation	10,000	5,000
NWT Housing Corporation	73,085	29,679
	$ 310,240	$ 426,665
Payables to related parties: Aurora College	$ 3,488	$ 3,634

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, 2016

Program	Opening balance	Cash funding received	Funding receivable	(note 14) In-kind contributions	Repayments	Transfers	Total funding available	(Schedule II) Funding expended	Closing balance
CONTRIBUTIONS									
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)									
Department of Environment and Natural Resources (ENR)									
Energy Efficiency Incentive Program (EEIP)	$ 20,983	$ -	$ -	$ -	$ (20,983)	$ 24,920	$ 24,920	$ -	$ 24,920
Electric Hot Water Heaters Replacement (HWH)	56,656	-	-	-	(56,656)	-	-	-	-
Energy Management Program (EMP)	17,405	-	-	-	(17,405)	-	-	-	-
Regional Offices	51,176	-	-	-	(1,308)	-	49,868	49,868	-
Renewable Energy Cooperative Formation (RECF)	13,019	-	-	-	(13,019)	-	-	-	-
Total ENR	159,239	-	-	-	(109,371)	24,920	74,788	49,868	24,920
Department of Public Works and Services (PWS)									
Core Support	-	189,000	21,000	-	-	-	210,000	210,000	-
Alternative Energy Technologies Program (AETP)	-	279,000	22,047	-	-	(57,830)	243,217	243,217	-
Biomass Energy	-	157,000	18,000	-	-	(30,027)	144,973	144,973	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	180,000	20,000	-	-	32,830	232,830	232,830	-
Community Government Energy Retrofits (CGERP)	-	180,000	-	-	-	(20,105)	159,895	148,758	11,137
Community Renewable Energy Program (CREP)	-	100,000	-	-	-	(29,765)	70,235	70,235	-
Electric Vehicle Pilot Program (EV)	-	15,000	-	-	-	14,596	29,596	29,596	-
Energy Management Program (EMP)	-	193,500	-	-	-	(17,186)	176,314	143,155	33,160
Energy Rating Services Support (ERS)	-	135,000	15,000	-	-	2,589	152,589	152,589	-
Energy Efficiency Incentive Program (EEIP)	-	270,000	-	-	-	(12,000)	258,000	241,160	16,840
Regional Offices	-	889,500	46,933	8,167	-	-	944,600	880,190	64,410
Total PWS	-	2,588,000	142,980	8,167	-	(116,898)	2,622,249	2,496,703	125,546
Department of Finance (DOF)									
Alternative Energy Technologies Program (AETP)	-	87,000	-	-	-	-	87,000	87,000	-
Commercial Energy Conservation and Efficiency Program (CECEP)	-	43,500	6,500	-	-	-	50,000	50,000	-
Community Renewable Energy Program (CREP)	-	43,500	6,500	-	-	-	50,000	50,000	-
Community LED Swap Out	-	135,000	13,589	-	-	12,000	160,589	58,150	102,439
Community Government Solar Projects	-	157,500	-	-	-	25,000	182,500	175,213	7,287
Community Government HVAC Re-commissioning	-	45,000	-	-	-	-	45,000	17,334	27,666
Community Wood Stove Purchase & Installation Partnership	-	135,000	15,000	-	-	79,898	229,898	229,898	-
ERS Home Energy Rating Follow-up Rebate	-	13,500	1,157	-	-	-	14,657	14,657	-
Energy Information and Awareness	-	45,000	4,253	-	-	-	49,253	31,601	17,651
Energy Information and Awareness - Community Energy Profiles	-	45,000	-	-	-	-	45,000	29,090	15,910
Total DOF	-	750,000	46,999	-	-	116,898	913,897	742,944	170,953
Total contributions (note 9)	$ 159,239	$ 3,338,000	$ 189,979	$ 8,167	$ (109,371)	$ 24,920	$ 3,610,934	$ 3,289,515	$ 321,419

See accompanying notes.

Schedule II

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES
For the year ended March 31, 2016

	Total	Core Support	Electric Vehicle Pilot Program (EV)	Energy Management Program (EMP)	Alternative Energy Technologies Program (AETP)
REVENUES					
Contributions from GNWT	$ 3,585,018	$ 234,948	$ 29,596	$ 143,155	$ 330,217
Contributions from Canada	5,461	5,461	-	-	-
Other source income	183,004	492,333	-	-	-
Membership fees	277,500	277,500	-	-	-
Interest income	9,491	9,491	-	-	-
	4,060,473	1,019,733	29,596	143,155	330,217
EXPENDITURES					
Administration fees	32,250	7,500	-	32,250	15,000
Advertising and promotion	61,780	3,866	-	2,235	-
Consulting fees	88,470	44,676	-	-	97
Contingency reserve	19,605	19,605	-	-	-
Equipment rental	22,669	1,587	21,082	-	-
Facility rental and tradeshow fees	15,243	1,145	-	3,278	-
Fees and dues	7,594	1,735	653	1,602	-
Hospitality	8,834	1,826	-	-	-
Insurance	12,190	12,190	-	-	-
Interest and bank charges	5,285	5,285	-	-	-
Office	375,356	63,603	1,930	1,074	-
Professional development	37,706	4,968	-	3,334	2,364
Professional fees	25,801	25,801	-	-	-
Rebates	906,207	(31,920)	-	-	252,066
Rent and utilities	146,336	89,845	-	-	-
Telephone, Internet and Website	35,645	21,538	-	-	-
Travel and accommodation	207,133	39,959	-	-	241
Wages and benefits	1,991,476	645,629	5,931	99,381	60,449
	3,999,579	958,839	29,596	143,155	330,217
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	60,894	60,894	-	-	-
TRANSFERS					
Use of prepaid expenses	(54,305)	(52,548)	(1,757)	-	-
Acquisition of prepaid expenses	203,755	26,487	-	-	-
Deferred revenue	(177,268)	-	-	-	-
Acquisition of tangible capital assets	28,537	28,537	-	-	-
Amortization of tangible capital assets	(23,308)	(23,308)	-	-	-
Amortization of government assistance	3,706	3,706	-	-	-
Contingency reserve	19,605	19,605	-	-	-
	722	2,479	(1,757)	-	-
EXCESS OF REVENUES OVER EXPENSES	$ 61,617	$ 63,374	$ (1,757)	$ -	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES
For the year ended March 31, 2016

	Energy Rating Services Support (ERS)	Energy Efficiency Incentive Program (EEIP)	Biomass Energy	Regional Offices	Commercial Energy Conservation & Efficiency Program (CECEP)
REVENUES					
Contributions from GNWT	$ 152,589	$ 241,160	$ 144,973	$ 944,600	$ 282,830
Contributions from Canada	-	-	-	-	-
Other source income	6,150	-	-	14,851	-
Membership fees	-	-	-	-	-
Interest income	-	-	-	-	-
	158,739	241,160	144,973	959,451	282,830
EXPENDITURES					
Administration fees	22,500	15,000	26,250	130,000	15,000
Advertising and promotion	-	-	5,079	27,426	-
Consulting fees	-	1,178	1,639	18,105	-
Contingency reserve	-	-	-	-	-
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	678	6,864	-
Fees and dues	1,479	-	523	-	-
Hospitality	-	-	2,027	4,981	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office	5,391	-	1,143	16,668	2,817
Professional development	4,044	2,165	3,551	13,945	-
Professional fees	-	-	-	-	-
Rebates	-	173,219	-	-	180,339
Rent and utilities	-	-	-	56,491	-
Telephone, Internet and Website	-	290	768	13,048	-
Travel and accommodation	477	-	9,517	125,490	4,741
Wages and benefits	124,848	49,308	93,797	546,432	79,933
	158,739	241,160	144,973	959,451	282,830
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	-	-	-	-
TRANSFERS					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	64,410	-
Deferred revenue	-	-	-	(64,410)	-
Acquisition of tangible capital assets	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
Contingency reserve	-	-	-	-	-
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE

Schedule II

SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES

For the year ended March 31, 2016

	Community Government Energy Retrofits (CGERP)	Community Renewable Energy Program (CREP)	Community LED Swap Out	Community Government Solar Projects	Community Government HVAC Re-commissioning
REVENUES					
Contributions from GNWT	$ 151,668	$ 120,235	$ 160,589	$ 175,213	$ 17,334
Contributions from Canada	-	-	-	-	-
Other source income	3,033	-	-	-	-
Membership fees	-	-	-	-	-
Interest income	-	-	-	-	-
	154,700	120,235	160,589	175,213	17,334
EXPENDITURES					
Administration fees	30,000	-	4,125	4,313	7,500
Advertising and promotion	944	-	2,699	914	-
Consulting fees	-	-	-	-	169
Contingency reserve	-	-	-	-	-
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	-	-
Hospitality	-	-	-	-	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office	-	-	128,891	152,034	632
Professional development	-	-	-	-	-
Professional fees	-	-	-	-	-
Rebates	48,978	120,235	-	-	-
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	15,158	-	-	512	-
Wages and benefits	59,621	-	24,874	17,440	9,033
	154,700	120,235	160,589	175,213	17,334
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	-	-	-	-
TRANSFERS					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	2,909	-	102,439	-	-
Deferred revenue	(2,909)	-	(102,439)	-	-
Acquisition of tangible capital assets	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
Contingency reserve	-	-	-	-	-
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES
For the year ended March 31, 2016

Schedule II

	Community Wood Stove Partnership	ERS Follow-up Rebate	Community Energy Profiles	Energy Information and Awareness	(note 16) Eliminations
REVENUES					
Contributions from GNWT	$ 229,898	$ 14,657	$ 29,090	$ 39,111	$ -
Contributions from Canada	-	-	-	-	-
Other source income	-	-	-	-	(333,363)
Membership fees	-	-	-	-	-
Interest income	-	-	-	-	-
	229,898	14,657	29,090	39,111	(333,363)
EXPENDITURES					
Administration fees	6,675	2,250	7,500	7,500	(333,363)
Advertising and promotion	-	-	-	16,381	-
Consulting fees	9,424	-	13,181	-	-
Contingency reserve	-	-	-	-	-
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	-	-
Hospitality	-	-	-	-	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office	12	-	87	-	-
Professional development	-	-	-	-	-
Professional fees	-	-	-	-	-
Rebates	158,413	-	-	4,878	-
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	11,039	-	-	-	-
Wages and benefits	44,335	12,407	8,322	10,352	-
	229,898	14,657	29,090	39,111	(333,363)
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	-	-	-	-
TRANSFERS					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	7,510	-
Deferred revenue	-	-	-	(7,510)	-
Acquisition of tangible capital assets	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
Contingency reserve	-	-	-	-	-
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ -

See accompanying notes.

Inuvialuit Water Board

Financial Statements

March 31, 2016

Inuvialuit Water Board

Financial Statements

March 31, 2016 **Page**

Management's Responsibility for Financial Reporting

June 17, 2016

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

Mardy Semmler
Executive Director
Inuvialuit Water Board

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Independent Auditors' Report

To the Directors of
Inuvialuit Water Board

We have audited the accompanying financial statements of Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2016, 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 Inuvialuit Water Board as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Crowe MacKay LLP

Yellowknife, Northwest Territories
June 15, 2016

Chartered Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget	2016	2015
Revenue			
Government of Northwest Territories	$ 913,000	$ 913,000	$ 900,000
Donation in kind	48,000	48,000	48,000
Other revenue	8,400	9,549	8,743
Total revenues before contribution repayable	-	**970,549**	956,743
Contribution repayable	-	(25,407)	(39,795)
Total revenues	**969,400**	**945,142**	916,948
Expenses			
Advertising	3,000	5,658	1,981
Amortization	12,000	7,623	22,059
Board travel and training	41,000	16,371	31,251
Communications	40,000	37,447	44,175
Conferences	1,000	4,770	7,371
Consulting	10,000	3,659	38,772
Equipment maintenance	4,500	1,108	-
Equipment rental	9,000	15,950	17,273
Honoraria	186,000	165,593	187,609
Hospitality	-	216	993
Interest and bank charges	1,000	566	1,071
Community Capacity Initiative	10,000	34,537	-
Municipal Wastewater Workshop	-	-	19,832
Office	6,000	15,911	8,909
Postage	3,000	1,761	2,073
Rent	48,000	48,000	48,000
Professional fees	57,000	58,182	53,630
Publications	2,000	359	1,438
Salaries and benefits	491,000	477,776	400,490
Staff training	-	5,098	518
Staff travel	24,900	17,071	27,324
Strategic Plan Updates	20,000	25,558	13,824
Total expenses	**969,400**	**943,214**	928,593
Surplus (deficit) before other items	-	**1,928**	(11,645)
Loss on disposal of capital assets	-	-	(627)
Surplus (deficit) before capital asset additions	-	**1,928**	(12,272)
Capital asset additions	-	-	(1,671)
Surplus (deficit)	**$ -**	**$ 1,928**	$ (13,943)

Inuvialuit Water Board

Statement of Net Assets

For the year ended March 31,			2016	2015
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	$ 14,465	$ 275,384	$ 289,849	$ 302,121
Surplus (deficit)	-	1,928	1,928	(12,272)
Acquisition of capital assets	-	-	-	-
Disposal of capital assets	-	-	-	-
Amortization	(7,623)	7,623	-	-
Balance, end of year	$ 6,842	$ 284,935	$ 291,777	$ 289,849

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,		2016		2015
Operating surplus (deficit)	$	1,928	$	(12,272)
Acquisition of tangible capital assets		-		(1,671)
Amortization of tangible capital assets		7,623		22,059
(Gain)/ loss on sale of tangible capital assets		-		627
Decrease/ (increase) in prepaid expenses		1,225		379
Net change in financial resources		**10,776**		9,122
Net financial resources at beginning of year		**274,159**		265,037
Net financial resources at end of year	**$**	**284,935**	$	274,159

Inuvialuit Water Board

Statement of Financial Position

As at March 31,	2016	2015
Assets		
Cash	$ 455,650	$ 475,212
Accounts receivable (Note 4)	7,372	6,734
	463,022	481,946
Liabilities		
Accounts payable and accrued liabilities	152,680	167,992
Repayable contributions (Note 6)	25,407	39,795
	178,087	207,787
Net financial resources	**284,935**	274,159
Non-Financial Assets		
Prepaid expenses	$ -	$ 1,225
Tangible capital assets (Note 5)	6,842	14,465
	6,842	15,690
Accumulated surplus	**$ 291,777**	$ 289,849

Approved on behalf of the Board

______________ Director

______________ Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2016	2015
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	$ 1,928	$ (12,272)
Item not affecting cash		
Amortization	7,623	22,059
Loss on disposal of assets	-	627
Change in non-cash operating working capital		
Accounts receivable	(638)	19,206
Prepaid expenses	1,225	379
Accounts payable and accrued liabilities	(15,312)	128,790
Repayable contributions	(14,388)	39,795
	(19,562)	198,584
Investing activity		
Investment in capital assets	-	(1,671)
Change in cash position	**(19,562)**	196,913
Cash position, beginning of year	**475,212**	278,299
Cash position, end of year	**$ 455,650**	$ 475,212

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 Institute of 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.

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 5.

(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. Contributions which are not used in the current year are set up as refundable contributions and must be repaid to the contributor.

Under Public Sector Accounting Standards for Not-for-Profit Organizations, funding received for restricted purposes that has not been expended is required to be deferred.

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.

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 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.

d) 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.

3. Future Accounting Standards (Continued)

e) 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.

f) 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

	2016	2015
Accounts Receivable	$ 2,370	$ 2,100
Goods and Services Tax	5,002	4,634
	$ 7,372	$ 6,734

No amount is considered doubtful.

5. Tangible Capital Assets

	Rate	**Cost**	**Accumulated Amortization**	**2016 Net Book Value**	2015 Net Book Value
Furniture and equipment	20%	$ 9,714	$ 7,257	$ 2,457	$ 3,425
Computer equipment	30%	86,269	81,884	4,385	11,040
Computer software	100%	609	609	-	-
Website	5yr S/L	39,720	39,720	-	-
		$ 136,312	$ 129,470	**$ 6,842**	$ 14,465

6. Repayable Contributions

	2016	2015
Government of Northwest Territories	$ 25,407	$ 39,795
	$ 25,407	$ 39,795

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	$ 5,908
2018	4,993
2019	4,746
2020	3,669
	$ 13,408

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.

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of $463,022 (2015: $481,946)

7. Risk Management (Continued)

(ii) Concentration 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.

(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 $178,087 (2015 - $207,787). 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, 2016 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.

BDIC NWT
BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

2015-16 Annual Report

NWT Business Development & Investment Corporation

Committed to Helping Businesses in the Northwest Territories

ULUKHAKTOK ARTS CENTRE

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BDIC NWT

Northwest Territories Business Development and Investment Corporation

MESSAGE FROM THE CHAIR AND CEO

We are pleased to present the NWT Business Development and Investment Corporation's (BDIC) 2015/16 Annual Report to the Minister Responsible for the BDIC. The BDIC continues to be innovative and assisting business people and potential entrepreneurs with programs and services to help their businesses succeed.

The 18th Legislative Assembly, has made economic diversification one of its key priorities. The BDIC's mandate to provide support and services for NWT businesses directly contributes to achieving this priority.

This year we celebrated the BDIC's 10 year anniversary. Created on April 1 2005, the BDIC has disbursed over $70 million to more than 400 businesses. Several events were held during the year to commemorate the BDIC's anniversary and celebrate its achievements.

The BDIC is committed to promoting economic development across the Northwest Territories. In 2015/16, our disbursements totalled more than $6.9 million. Nearly 80% of this amount was provided to businesses outside of Yellowknife, in communities where there is less business support.

Our Business Development Project Fund remains popular among entrepreneurs who want to start or expand their businesses. Approximately $311,000 in contributions were approved for 47 applications this year.

The BDIC's credit facilities portfolio totalled over $50 million at the end of the 2015/16 fiscal year. In addition, more than $6 million in credit facilities were approved this year. The BDIC's role as a lender of last resort remains valuable to NWT businesses.

Our Subsidiary and Venture Investment Programs continue to generate employment in NWT communities. More than 36 full time equivalent positions were maintained in 2015/16 through the two programs. NWT arts and crafts from our subsidiary companies can now be purchased at galleries and gift-shops in every Canadian Province and Territory as well as some US States. People around the world can purchase them directly from the subsidiaries online.

This year 418 clients were assisted through the BDIC's business centre. Committed to assisting community business development, BDIC staff visited communities to meet with local chambers of commerce, economic development officers and business people. The BDIC also formed a partnership with Futurpreneur Canada to provide business support services to NWT youth including business bootcamps and mentorship.

We welcome the Honourable Bob McLeod as the Minister Responsible for the BDIC.

Finally, we wish to thank our outgoing Minister, Mr. David Ramsay for his hard work and support of the BDIC over the past four years.

Pawan Chugh
Chief Executive Officer

Darrell Beaulieu
Chairperson

CORPORATE OVERVIEW

Minister, Chair and CEO

Premier Bob McLeod

Minister Responsible for the BDIC

Premier Bob McLeod was re-elected in November 2016 and became Minister Responsible for the BDIC. He held the BDIC portfolio in the past, from 2007 to 2011. Born in Fort Providence, Premier McLeod completed a Bachelor of Commerce at the University of Alberta and also holds an honours degree in administrative management from the Northern Alberta Institute of Technology.

Darrell Beaulieu

Chair of the BDIC

Born and raised in the North, Darrell Beaulieu has been Chair of the BDIC since 2005. Darrell is currently President and CEO of Denendeh Investments Incorporated (DII) and sits as Director of Northland Utilities (Yellowknife & NWT) and the NWT Law Foundation.

Dr. Pawan Chugh

Chief Executive Officer

With a public service career spanning over two decades, Pawan Chugh has been CEO of the BDIC since 2005. During his tenure, Pawan has advanced the BDIC to become a leader in NWT economic development. The BDIC has assisted residents in all 33 NWT communities under his leadership. He provides expertise with his in depth knowledge of business, law, marketing and finance.

CORPORATE OVERVIEW

BOARD OF DIRECTORS

The BDIC's Board of Directors is currently composed of 8 business people appointed by the Minister responsible for the BDIC. To be eligible, they must have owned or managed a business in the NWT or have business expertise relevant to the economy of the Northwest Territories.

BOARD OF DIRECTORS

Darrell Beaulieu - Chairperson	N'Dilo
Denise Yuhas - Vice Chairperson	Fort Smith
Gwen Robak - Director	Hay River
Ruby Landry - Director	Kakisa
Andy Wong - Director	Yellowknife
Denny Rodgers - Director	Inuvik
Joanne Deneron - Director	Fort Liard
Charlie Furlong - Director	Aklavik

The Audit Committee assists the Board in its oversight responsibilities, notably for the financial reporting process, the audit process and the BDIC's compliance with the law.

AUDIT COMMITTEE

Denise Yuhas - Chairperson	Fort Smith
Joanne Deneron - Vice Chairperson	Fort Liard
Louise Lavoie	Yellowknife
Denny Rodgers	Inuvik
John Hazenberg	Yellowknife

Left to Right, the Board of Directors: Darrell Beaulieu, Denise Yuhas, Gwen Robak, Ruby Landry, Andy Wong, Denny Rodgers, Joanne Deneron, Charlie Furlong

CORPORATE OVERVIEW

BDIC Staff

Pawan Chugh, Chief Executive Officer
Leonard Kwong, Director Finance and Subsidiaries
Brad Poulter, Manager Communications and Board Support
Rhonda MacLeod, Administrative Officer
Greg Debogorski, Product Promotions Specialist
Chris Taylor, Manager Operations and Business Programs
Ron Chiasson, Business Advisor
Patricia Dillon, Business Advisor
Ray Gentile, Contracts and Information Analyst
Matt Belliveau, Policy Officer
Frances Stroeder, Finance and Budget Officer
Maggie Huynh, Subsidiary Finance and Budget Officer
Thierry Lavoie, Communications Coordinator

The BDIC's team is committed to supporting Northwest Territories businesses.

CORPORATE OVERVIEW

Overview of the BDIC

On April 1, 2005, the Northwest Territories Business Development & Investment Corporation was established with the passing of the BDIC Act, resulting in the merger of the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. The BDIC Act outlines the mandate of the corporation to support the economic objectives of the Government of the Northwest Territories (GNWT) in a manner that benefits the people and the economy of the Northwest Territories.

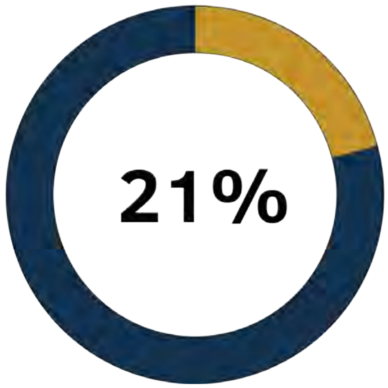
The BDIC provides debt and equity financing and contributions to northern businesses. The BDIC's equity financing can be generalized into two different types: preferred shares in externally owned and managed companies (known as the Venture Investment Program) and common shares in BDIC owned and managed businesses (known as the Subsidiary Program). Additionally, the BDIC offers business support services to northern businesses across the NWT. The aim is to make its programs and services complementary, thereby assisting clients at any stage in their development with the support needed to meet their business goals.

In 2015/16, the BDIC disbursed $6.96 million dollars in loans, subsidies and contributions. Over 79% of this money was disbursed in communities outside of Yellowknife: 56% of the amount went to the regional centres of Hay River, Forth Smith or Inuvik and 23% was disbursed in Level II communities.

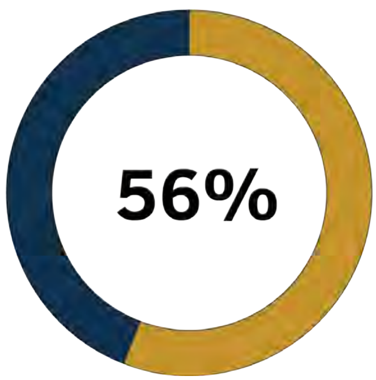
Level I Communities
Communities with well developed business infrastructure and air/road transportation links. **Fort Smith, Hay River, Inuvik and Yellowknife including N'Dilo.**

Level II Communities
Communities with less developed business infrastructure and air/road transportation links. **All other NWT communities not listed above.**

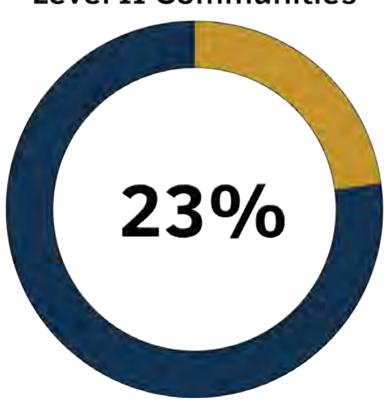
Disbursments 2015-2016
Yellowknife



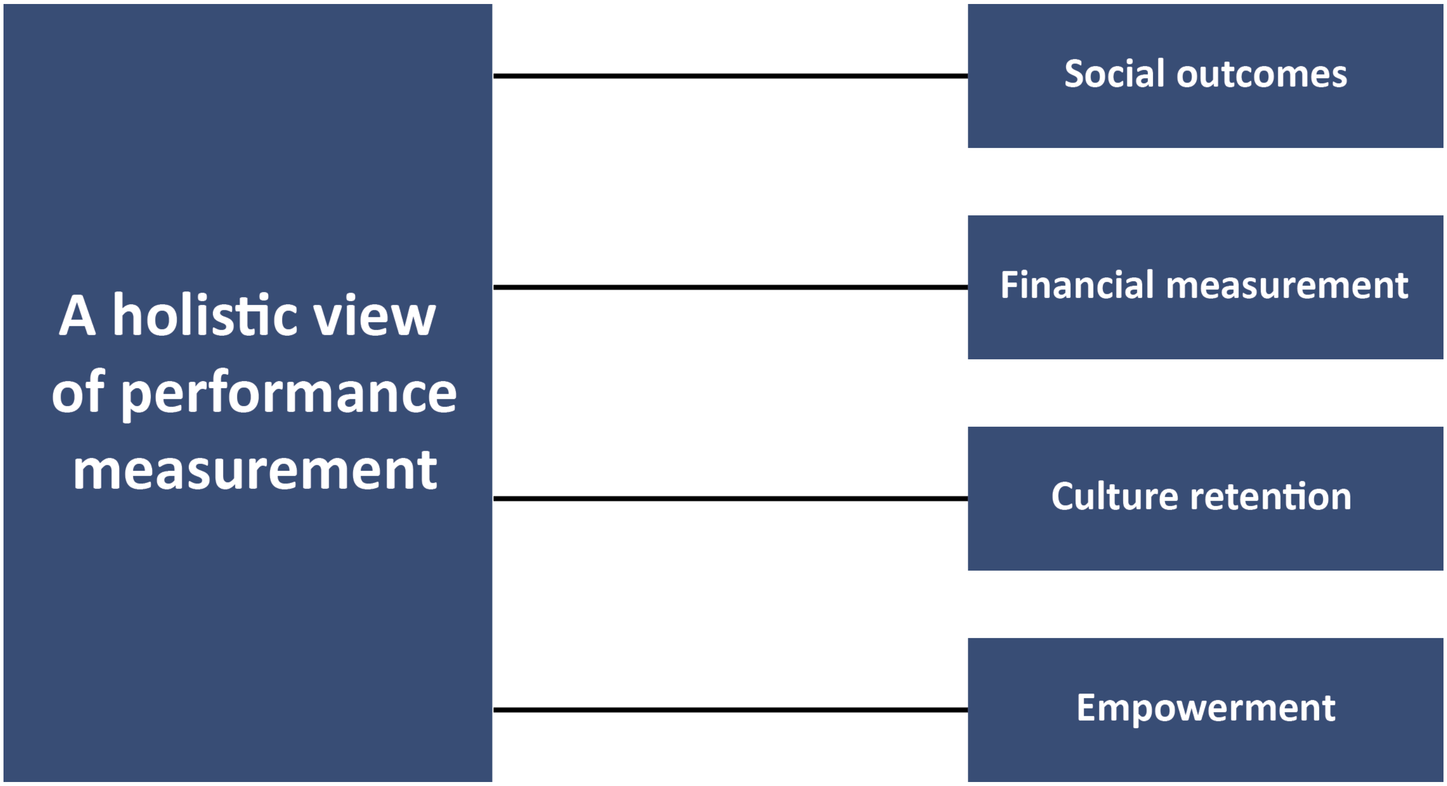
Disbursments 2015-2016
Other Level I Communities



Disbursments 2015-2016
Level II Communities



A NEW MODEL TO MEASURE PERFORMANCE



The BDIC now uses a broad approach to measure its performance. Social outcomes, retention of culture and empowerment arising from its investments are now part of how the BDIC evaluates its activities. In the academic field, this is defined as a **holistic approach to performance measurement.**

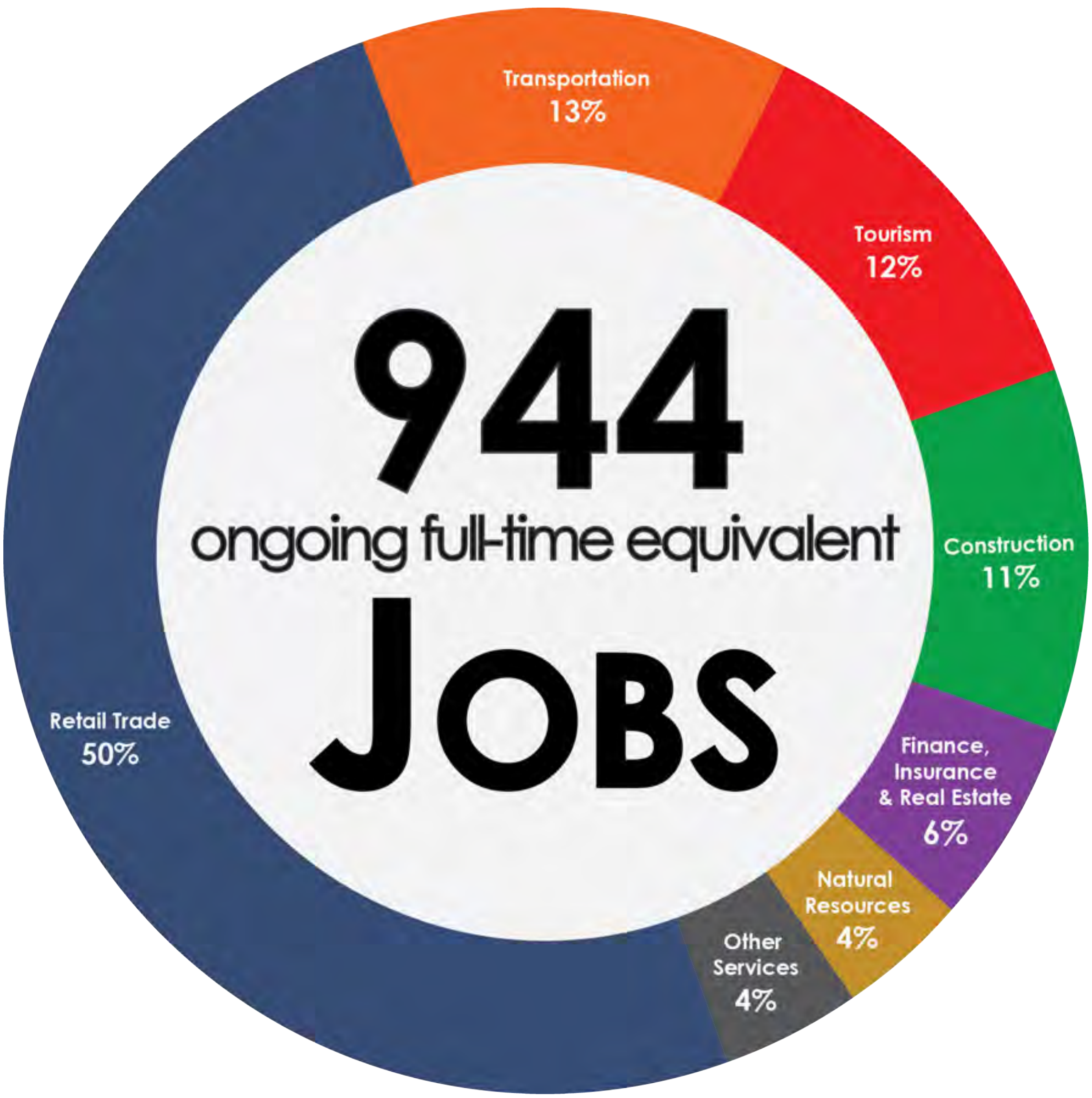
Holistic performance measurement is a way for the BDIC to recognize the diverse range of factors that influence economic development in the Northwest Territories. Integrating these factors into the BDIC's reporting will help ensure that BDIC programs support sustainable economic development. Along with tracking additional measurements, the BDIC will continue to monitor financial performance to effectively manage public funds.

With a $50 million loan portfolio comprised of more than 100 businesses across the NWT, the BDIC has a clear financial impact on economic development in the territory. In addition to this, the BDIC works to generate social and cultural returns by supporting employment, training, and the retention of local culture in small communities.

Retaining culture through strong arts, craft and traditional manufacturing sectors is one way the BDIC seeks to empower small communities and build self-reliance.

The BDIC looks forward to partner with social organizations in the NWT, such as the NWT Disabilities Council and the Status of Women Council of the NWT to expand its business services.

ECONOMIC DIVERSIFICATION: HELPING SMALL BUSINESSES CREATE JOBS

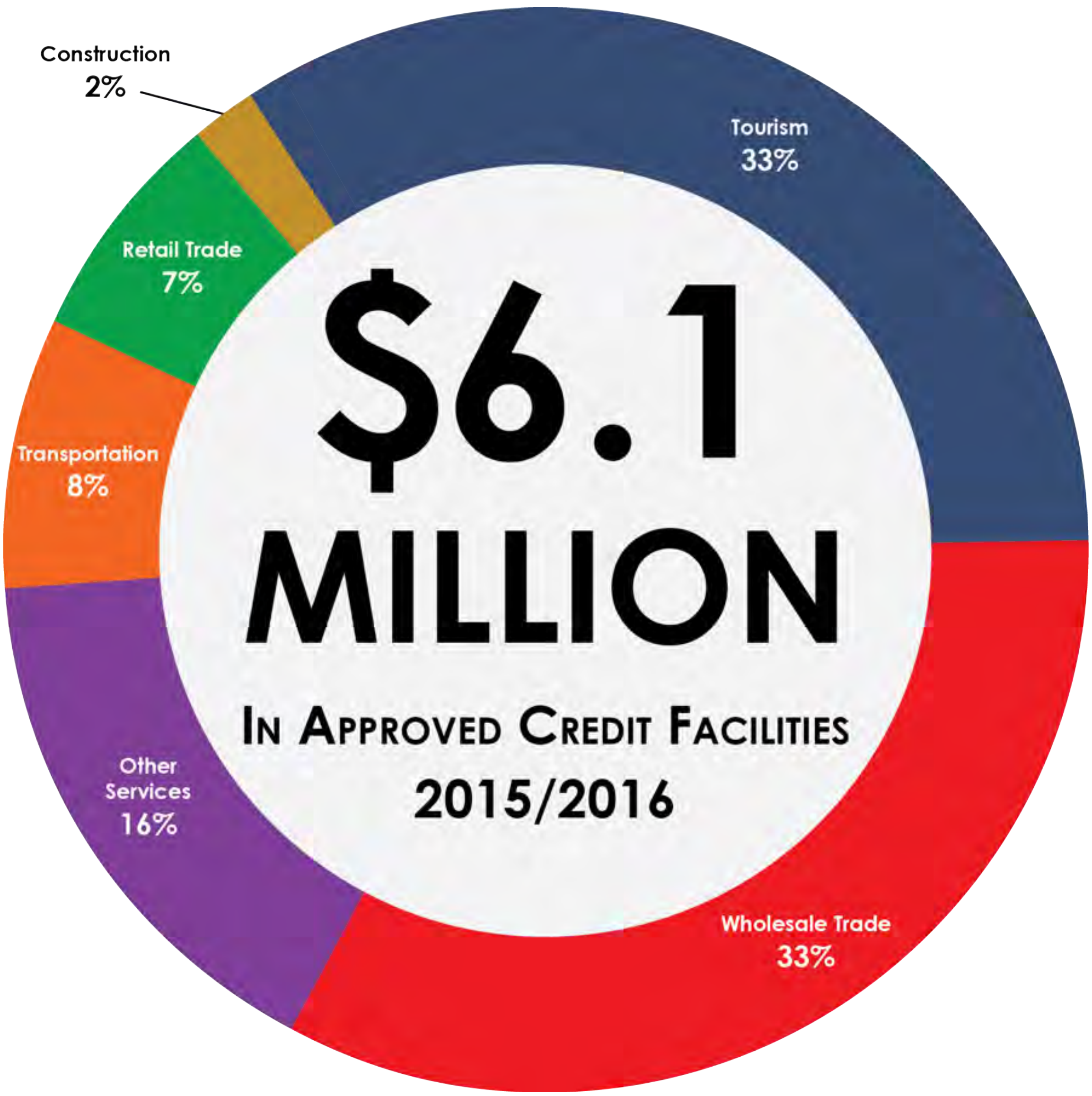


The BDIC currently lends to 118 businesses operating across a wide range of business sectors in the Northwest Territories. As a result of the BDIC's financing, these businesses currently support 944 full-time equivalent jobs in the NWT.

Job totals are calculated by comparing client financial statements with Industry Intensity Ratios and Industry Average Wages provided by the NWT Bureau of Statistics. Only ongoing jobs attributable to the BDIC's financing are included in the total.

CORPORATE OVERVIEW

CONTRIBUTING TO THE DIVERSIFICATION OF THE NWT ECONOMY



The 18th Legislative Assembly made economic diversification a top priority for the Government of the Northwest Territories (GNWT). The BDIC's support to businesses directly contributes to this priority.

In 2015/16, the BDIC approved $6.1 million in credit facilities. This helped a wide variety of different NWT businesses start and grow.

PROGRAMS AND SERVICES

CREDIT FACILITIES PROGRAM

The BDIC's credit facilities portfolio was approximately $50.3 million (including $531,000 of interest not recognized as revenue in 2015/16). $6.1 million credit facilities were approved in the 2015/16 fiscal year.

The following credit facilities are available to BDIC clients:

$50.3M

BDIC's credit facilities portfolio

Loan Facilities

- General Term Loans are provided for clients who may not be able to secure bank financing. BDIC clients can choose between fixed or variable term loans.

Standby Letters of Credit Facilities

- Standby letters of credit enable clients to secure contract bids or provide security to suppliers through assurance of payments to third parties.

Guarantee Facilities

- Working Capital Guarantees are available to clients as security to assist in obtaining working capital financing for their business through conventional banks. This enables small businesses with limited funds to operate successfully while building a relationship with a traditional finance provider.

Our successful clients

The BDIC's loan program helped Natacha Kruger with her business Mama Bear Arts.

See page 16 to read our client's profile!

VENTURE INVESTMENT PROGRAM

The Venture Investment Program is an equity financing program in which the BDIC invests in a client's business in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares over time. Funding under this program is tied to the number of jobs created or maintained by the business.

At the end of 2015/16, the BDIC's Venture Investment Program portfolio totalled $662,000 with businesses maintaining 19.75 direct employment positions.

19.75

Direct employment positions maintained by the Venture Investment Program

PORCUPINE QUILL BIRCH BASKETS AT ACHO DENE NATIVE CRAFTS, FORT LIARD

SUBSIDIARY PROGRAM

The BDIC's Subsidiary Program is based on facilitating community ownership and supporting local subsidiary boards with the BDIC providing centralized functions in general operational support, accounting and marketing. In 2015/16, the BDIC operated five active subsidiaries:

- Arctic Canada Trading Company Ltd. (ACTCL)
- Acho Dene Native Crafts Ltd. (ADNC)
- Dene Fur Clouds Ltd. (DFC)
- 910344 NWT Ltd. operating as Fort McPherson Tent and Canvas (FMTC)
- 5983 NWT Ltd. operating as Ulukhaktok Arts Centre (UAC)

Three of the BDIC's subsidiaries are involved in traditional fine arts and crafts and the use of traditional materials, all of which support the local communities. The subsidiaries deal with markedly different product lines and are located in different and unique NWT regions. The BDIC, through the Arctic Canada Trading Company Ltd., markets the subsidiaries' arts and crafts through over 60 galleries and gift shops across Canada, as well as in Alaska. The BDIC also promotes each subsidiary and their products through branding, advertising and distribution by way of web design and support, e-commerce and promotional videos, brochures, sales, and attendance at trade shows. With the assistance of Arctic Canada Trading Company*, the BDIC's subsidiaries increased their sales to $843,000, up 21% from last year.

In 2015/16, the BDIC's subsidiaries maintained 16.62 direct employees and supported 128 cottage craft producers.

**Arctic Canada Trading Company is operated by BDIC staff.*

$843,000

Sales from the BDIC's subsidiaries in 2015/16

Subsidiary	Direct employment positions 2015-2016	2014-15	Change	% Change
ACTCL*	N/A	N/A	N/A	N/A
ADNC	1.59	1.43	0.16	11.19%
DFC	5.18	5.37	(0.19)	(3.54%)
FMTC	8.74	6.55	2.19	33.44%
UAC	1.11	0.96	0.15	15.63%
Total	16.62	14.31	2.31	16.14%

SUBSIDIARY COMPANIES

PROGRAMS AND SERVICES

CONTRIBUTION PROGRAM - BUSINESS DEVELOPMENT PROJECT FUND (BDPF)

The BDIC's contribution program provides funding to assist entrepreneurs in starting or expanding their business. In 2015/16, the BDPF Program was oversubscribed with the BDIC approving approximately $311,000 in contributions.

Core BDPF can be used to help fund start-up expenses, expansion, raw materials (for arts and crafts production) and short-term projects that create employment. The maximum in any 5 year period is $20,000 ($10,000 for businesses in level I communities). Only businesses with $500,000 or less in annual revenues are eligible to apply.

The BDPF Aftercare can provide businesses with contribution funding to purchase accounting software or services, succession planning and business training programs. The lifetime maximum for BDPF Aftercare Funding is $5,000 ($3,000 for businesses in level I communities).

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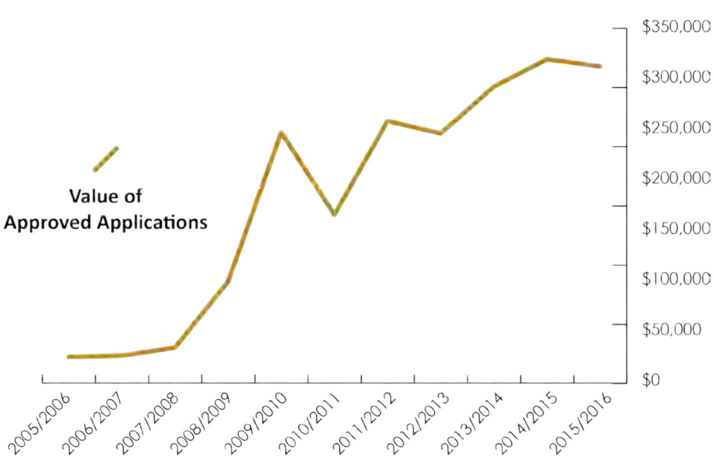
Number of BDPF applications approved by the BDIC

BUSINESS DEVELOPMENT PROJECT FUND (BDPF)



Our successful clients

Thanks to the BDPF, Amrik Kanwal was able to launch Monitor North.

See page 17 to read our client's profile!

Monitor North

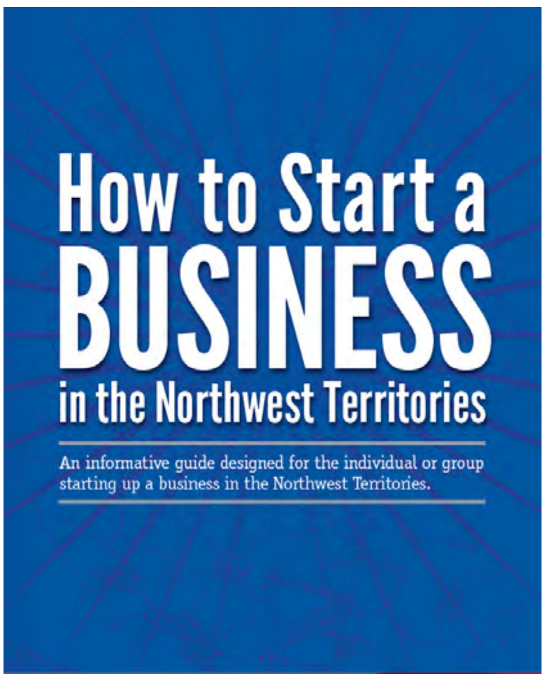
Don't wait for the worst, monitor now

PROGRAMS AND SERVICES

Business Support Services

The BDIC provides business services to help people start and grow their business in the Northwest Territories.

In 2015-2016 the BDIC updated its guide *How to Start a Business in the NWT*. This guide provides new entrepreneurs with the information they need to start their business. The document contains information about licences and regulations in the NWT, support services available for entrepreneurs, information on writing a business plan, structuring a business and much more.



How to Start a Business in the NWT is available both in print and on the BDIC's website. It is currently being translated into French.

The BDIC is a member of the Canada Business Network, which provides start-ups and small businesses with a wide range of information and references about government services, programs and regulations. The BDIC operates Canada Business NWT (CBNWT) in partnership with the Canadian Northern Economic Development Agency (CanNor). CBNWT services are available online and through community partners to residents across the NWT.

Business services available include:

- Business resource library that is indexed online so that clients from any community can order a book/business resource and have it mailed to them
- 1-800 number that clients in NWT communities can call to get business information specific to their region
- CanadaBusiness.ca – content created and managed by CBNWT specifically for NWT residents
- Video and web conference sessions available to educate entrepreneurs
- Administration services and business planning resources available in person through the BDIC and partner organizations
- Coordination of Small Business Week in partnership with business stakeholders

Canada Business NWT
Entreprises Canada TNO

PROGRAMS AND SERVICES

Business Support Services

48

Seminars, workshops or web conference hosted for NWT business clients

SMALL BUSINESS WEEK

During the week October 18-24, the BDIC partnered with a number of organizations in the NWT to celebrate Small Business Week. The BDIC hosted 5 learning sessions and an open house to assist 29 NWT business people.

MEETING WITH COMMUNITIES

In 2015/2016, the BDIC met with communities to present its programs and services and discuss economic opportunities. Communities visited included Inuvik, Tulita and Norman Wells.

418

Clients served by the BDIC's Canada Business Centre

PARTNERSHIP WITH FUTURPRENEUR

In February 2016, the BDIC entered into a partnership with Futurpreneur Canada to bring more support opportunities for young and emerging entrepreneurs.

Thanks to this agreement, young business people from the NWT will have access to mentorship support and business bootcamps.

CLIENT PROFILE

Mama Bear Arts

Many of Natacha Kruger-Rewega paintings are featuring the wildlife and natural landscape of the North.

Natacha Kruger-Rewega is used to thinking outside the canvas.

Since teaching herself to paint and draw at an early age, Kruger-Rewega has established herself as a force in the northern arts community.

She successfully transitioned into a career as a full-time artist based in Hay River. Now, she's looking to support other local creatives and fulfill a long-held dream by opening her own studio, Mama Bear Arts.

Kruger-Rewega plans to use the lower floor of Mama Bear Arts to display the works of other local artists, providing Hay River with a much-needed space for exposing art.

Upstairs, she'll be producing more of her own artwork, something she has done at a steady pace since working as a full-time artist.

Her paintings, many featuring the wildlife and natural landscapes of the north, have been selling as fast as she can make them.

Kruger-Rewega says Mama Bear Arts will have a "cabin feel to it," and will incorporate driftwood gathered from the shores of Great Slave Lake into its design. She's been turning driftwood into art for years, using it as a canvas for many of her works. "It's all over here," she argues; "it's kind of silly not to use it."

She first applied for funding through the BDIC when she was making her move to become a full-time artist, and received a contribution that helped pay for art supplies including paint and material for building canvases.

She says working with the BDIC has been "freaking amazing, every single time... they just believe in you, and it's awesome."

A wide selection of Natacha's art can be viewed on her Facebook page, Natacha Kruger Rewega Paintings.

"Freaking amazing, every single time... they just believe in you, and it's awesome."

Monitor North

Frozen pipes. The nightmare of any home or business owner across northern Canada. Long and cold winters take a toll on our buildings, requiring regular monitoring to prevent costly breaks. It's with the objective of easing that task that Amrik Kanwal came up with the idea to start Monitor North.

Monitor North's products allow customers to remotely monitor their home

"It started from a discussion with my son regarding how to prevent damage to equipment from freezing in the winter and reduce the operating costs of physically monitoring devices in hard to reach environments."

Coming from Zambia, Africa, Amrik worked in the electrical field. He immigrated to Yellowknife to join his brother who already lived here. Shortly after his arrival in the Northwest Territories, he cofounded City Cab. Then, a few years after going back to school, he started Monitor North with the help of his sons.

"Since I had a lot of industrial automation experience, I decided to design a device which can automatically monitor equipment and detect water leaks on a property while the owner is away," explained Amrik. During that same period, one of his sons was working on the launch of the 4G network across the NWT.

They quickly saw the potential of combining the new cellular reach with industrial automation technologies. They started working on prototypes, wanting to create products that were cost effective but also built to an industrial grade. Monitor North's main product is the Smart Asset Monitor (SAM) controller which can be used to remotely monitor, control and detect equipment failure to avoid costly situations. Thanks to the cellular system, SAM can make sure the equipment is working properly and notify the owner of any incident like freezing, power failure or breakdowns even when that equipment is out of traditional internet zones.

> ***"With the BDIC's guidance and financial support, we were able to focus on getting Monitor North off the ground"***

The SAM controller is highly customizable, and can also monitor air quality and even control equipment. "The options we can provide to customers are truly endless because of configurations and installation range we have access to," Kanwal specified, "wherever a cellphone works, SAM works."

The business also markets a failover network product, which provides instantaneous backup internet connections for businesses and a home automation controller.

The help Kanwal received from the BDIC was instrumental in the launch of his business. "With the BDIC's guidance and financial support, we were able to focus on getting Monitor North off the ground." Kanwal also found the BDIC application process to be useful in the long term for his business.

"We took the time t o work on the application and documentation required to get funding support . It really helped us stay on track with the business. We still refer to those documents to make sure we stay on the track."

10TH ANNIVERSARY

CELEBRATING 10 YEARS SERVING BUSINESSES

2015/16 marked the 10th anniversary of the founding of the Northwest Territories Business Development and Investment Corporation. It was created on April 1, 2005, with the merger of the NWT Credit Corporation and the NWT Development Corporation.

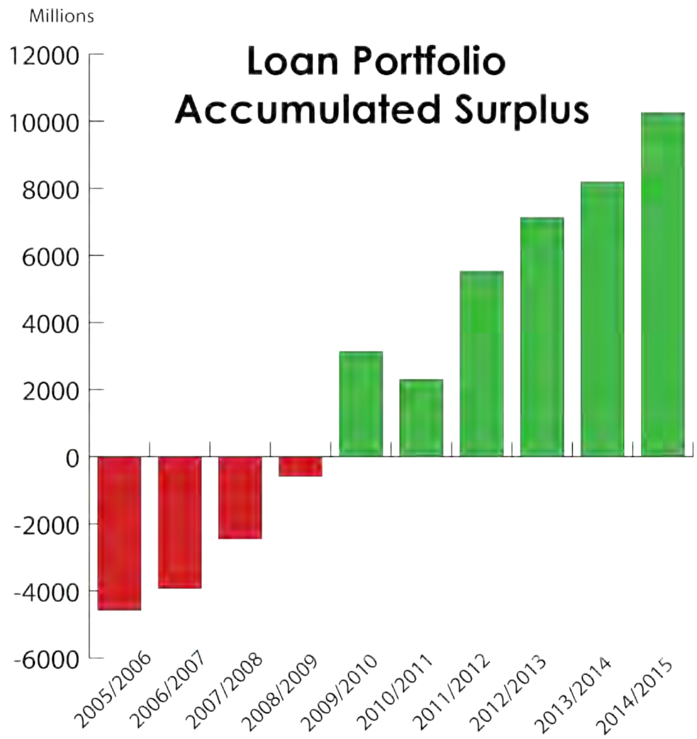
Throughout the year, the BDIC took part in several events to highlight its results over the past decade and the important role it plays in the economic prosperity of the Northwest Territories.

Looking to the future, the BDIC intends to build on its success to bring new initiatives that will assist business prosperity in the Northwest Territories. The corporation is looking into projects on micro-financing, community banking, mentorship program and business incubator to the Northwest Territories.

During its first 10 years in operation, the BDIC has:

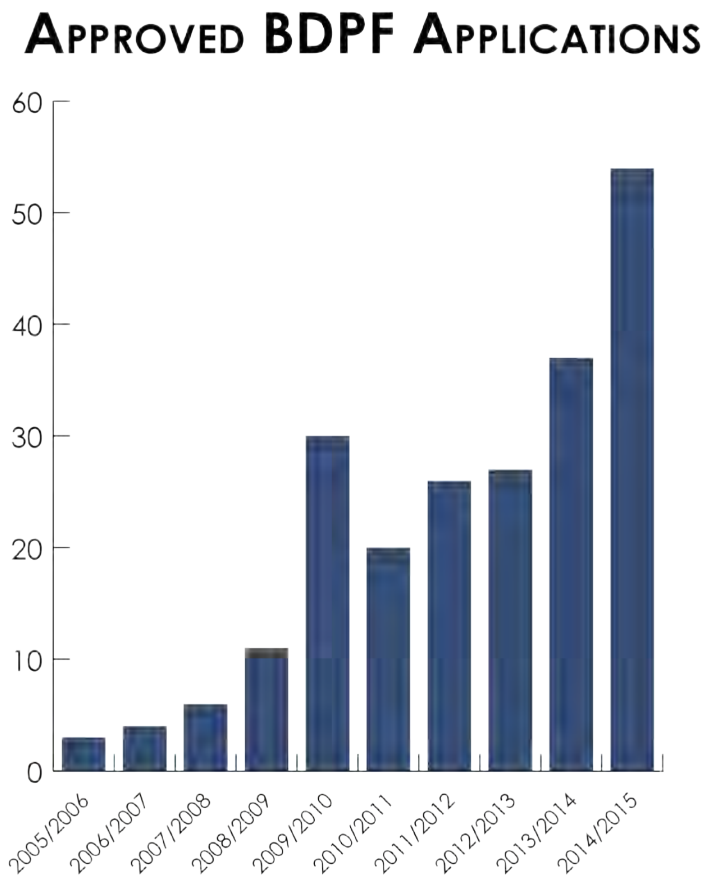
- Provided **$71.4 million** in assistance to businesses in all **33 NWT communities**.
- Provided financial assistance to more than **400 accounts**
- Created over **630 person year jobs** through subsidiaries and venture investments
- Paid more than **$13.8 million in salary** to subsidiary and venture investment employees
- Expanded subsidiary points of sale to **over 50 galleries and gift shops** across Canada
- Pioneered video and web conferencing delivery and hosted business learning seminars for **over 1,000 participants**
- Collected on bad debts inherited from inception and reduced our loan loss provision from **21.5%** to **13%**

CELEBRATING 10 YEARS SERVING BUSINESSES



$10.6M

The BDIC's loan portfolio had a **$4.6 million shortfall** at the end of the 2005-2006 fiscal year. By 2015, that shortfall had been turned into a **$10.3 million surplus.**



200

From 2005 to 2015, the BDIC has approved over **200 clients for BDPF.** The corporation distributed **$1.6 million** in funding through the program

WRITE-OFFS AND FORGIVENESS

The BDIC's Board of Directors may approve the write-off of its accounts under $50,000. Write-offs over $50,000 can be approved by the Financial Management Board (FMB). Written-off accounts can still be collected but are assigned a zero value in the BDIC's financial statements.

Accounts under $500 may be approved for forgiveness by the BDIC Board. FMB may forgive accounts over $500. A forgiven account is assigned a zero value in the BDIC's financial statements and the Corporation is no longer able collect the amount.

In 2015-16, four accounts were written-off and no accounts were forgiven.

Debts Written-off by the Board of Directors	
Blizzard Mobile Mechanical services Ltd. - Fort Liard	12,483.67
Leonard Buckley (o/a Buck's Firewood Logging) - Fort Smith	18,475.73
	30,959.40
Debts Written-off by the Financial Management Board	
89622 NWT Ltd (o/a Taiga Tour Company) - Fort Smith	185,311.10
South Slave Paving Ltd. - Hay River	142,131.85
	327,442.95
Total	**358,402.35**

Disbursements

The BDIC disbursed funds to the following NWT businesses during the 2015/16 fiscal year.

Business Name	Owners	Community	Program	Total Amount Disbursed
5983 NWT Ltd. (o/a Ulukhaktok Arts Centre)	BDIC	Ulukhaktok	Subsidiary	90,000.00
913044 NWT Ltd. (o/a Ft. McPherson Tent and Canvas)	BDIC	Fort McPherson	Subsidiary	250,000.00
Acho Dene Native Crafts Ltd.	BDIC	Fort Liard	Subsidiary	150,000.00
Dene Fur Clouds Ltd.	BDIC	Fort Providence	Subsidiary	100,000,.00
Arctic Canada Trading Company Ltd.	BDIC	Yellowknife	Subsidiary	50,000.00
Noda Enterprises td.	Ka'a'gee Tu First Nation	Kakisa	Credit	85,000.00
P.R. Contracting Ltd.	Rowe, Sandra and Rowe, Patrick	Fort Simpson	Credit	895,500.00
953781 NWT Ltd.	Perino, Jason and Snow, Colin	Yellowknife	Credit	899,500.00
Redvers, Nicole (o/a Gaia Integrative Clinic)	Redvers, Nicole	Yellowknife	Credit	193,015.76
Korea House	Chung, He Yong (Anna), Son, Catherine and Son, Moon-Ho (Philip)	Yellowknife	Credit	158,490.00
Northwestern Air Lease Ltd.	Harrold, Brian and Harrold, Terry	Fort Smith	Credit	500,000.00
Young, Laurie (o/a The Rusty Raven Gallery & Gift)	Young, Laurie	Fort Smith	Credit	330,000.00
GFB Ventures Ltd	Schofield, Taralynn and Schofield, Kelly	Hay River	Credit	526,037.24
NU Mechancial Inc.	Utman, Newely	Fort Smith	Credit	99,945.00
Kruger, Natacha (o/a Mama Bear Arts)	Kruger, Natacha	Hay River	Credit	66,165.00
Ouellet, Andre	Ouellet, Andre	Inuvik	Credit	359,684.82
Beauford Delta Petroleum Ltd.	Northern Transportation Company Limited	Inuvik	Credit	1,940,000.00
Van Der Wielen, Hannah (o/a Van Der Wielen Consulting)	Van Der Wielen, Hannah	Behchoko	Contribution	2,030.95
Landry, Loretta (o/a Nina & Associates)	Landry, Loretta and Landry, Jonas	Fort Providence	Contribution	2,100.00
Villebrun, Greta	Villebrun, Greta	Tsiigehtchic	Contribution	2,806.08

Disbursements

Business Name	Owners	Community	Program	Total Amount Disbursed
Wilson, Helen	Wilson, Helen	Fort McPherson	Contribution	3,830.20
Alexie, Connie Marie	Alexie, Connie Marie	Fort McPherson	Contribution	6,238.57
Francis, Bertha	Francis, Bertha	Fort McPherson	Contribution	3,978.50
McPherson, Rose	McPherson, Rose	Fort McPherson	Contribution	4,606.70
Snowshoe, Sarah	Snowshoe, Sarah	Fort McPherson	Contribution	2,647.50
Snowshoe, Martha Ellen	Snowshoe, Martha Ellen	Fort McPherson	Contribution	2,346.50
Semple, Ashton	Semple, Ashton	Aklavik	Contribution	20,000.00
Greenland, Bella	Greenland, Bella	Fort McPherson	Contribution	(855.42)
Bellefontaine, Troy (o/a Beauty Mark)	Bellfontaine, Troy	Fort Simpson	Contribution	15,421.25
953781 NWT Ltd.	Perino, Jason and Snow, Colin	Yellowknife	Contribution	1,800.00
Monitor North Inc.	Kanwal, Amrik	Yellowknife	Contribution	278.40
Campbell, Thea	Campbell, Thea	Yellowknife	Contribution	292.98
Planit North	Wenman, Christine	Yellowknife	Contribution	10,000.00
Nicol, Rosanna (o/a Nicol & Co.)	Nicol, Rosanna	Yellowknife	Contribution	4,304.00
Walden, Jennifer	Walden, Jennifer	Yellowknife	Contribution	10,000.00
Territorial Source & Supply Ltd. (o/a Polar Planning)	Cleveland, Colin	Yellowknife	Contribution	8,565.24
Arctic Morels Canada	Matthews, Andrew and Matthews, Brendan	Yellowknife	Contribution	9,870.00
Maund, Cara Amy (o/a Laughing Lichen Wildcrafted Herb & Tea)	Maund, Cara Amy	Yellowknife	Contribution	9,999.70
North of Sixty Quilting Services	Griffore, Anita and McGurran, Marilyn	Yellowknife	Contribution	10,632.00

Disbursements

Business Name	Owners	Community	Program	Total Amount Disbursed
Rare Earth Productions Inc.	Geraghty, Ashley	Yellowknife	Contribution	9,637.57
MacDougall, Kelsey (o/a N60° Interiors)	McDougal, Kelsey	Yellowknife	Contribution	4,730.00
Balakrishnan, Janaki (o/a Envision)	Balakrishnan, Janaki	Yellowknife	Contribution	7,897.04
Schindel, Julie (o/a Julu Designs)	Schindel, Julie	Yellowknife	Contribution	10,000.00
Pool, Annelies (o/a Prelude Editorial)	Pool, Annelies	Yellowknife	Contribution	9,832.92
Paul Bros Nextreme Ltd.	Paul, Edward	Yellowknife	Contribution	2,500.00
Ward, Alayna (o/a Award Communications)	Ward, Alayna	Yellowknife	Contribution	2,908.44
Ry-Lo Express Ltd.	Cunningham, Alan	Yellowknife	Contribution	6,060.00
Skelton, Jennifer (o/a Align)	Skelton, Jennifer	Yellowknife	Contribution	6,820.39
Stephenson, Gordon (o/a North Sky Consulting)	Stephenson, Gordon	Yellowknife	Contribution	10,000.00
Maillet, Joel (o/a Avalanche Ice Works)	Maillet, Joel	Yellowknife	Contribution	3,822.72
Global Storm LLC	Marshall, Kirby	Yellowknife	Contribution	10,000.00
Stephens, David (o/a Borealis Bike Tours Unlimited)	Stephens, David	Yellowknife	Contribution	10,000.00
Noda Enterprises Ltd.	Ka'a'gee Tu First Nation	Hay River	Contribution	20,000.00
Mavrick Enterprises	Teng, Yong and Gross, Thomas	Hay River	Contribution	539.98
Lepage, Simon (o/a Lepage Productions)	Lepage, Simon	Hay River	Contribution	5,346.03
Hogan, Charlotte (o/a The Wilderness Bistro & Deli)	Hogan, Charlotte	Hay River	Contribution	4,117.97
Firth, Donna Maye	Firth, Donna Maye	Inuvik	Contribution	7,390.00
Moore, Carol (o/a Carol's Quilts)	Moore, Carol	Inuvik	Contribution	8,190.81

TOTAL: 6,964,024.84

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2016

Management's Responsibility for Financial Reporting

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

Pawan Chugh
Chief Executive Officer

L Kwong

Leonard Kwong
Director, Finance and Subsidiaries

August 29, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

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 2016, 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.

.../2

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 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

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 the Northwest Territories Business Development and Investment Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Business Development and Investment 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 Business Development and Investment Corporation Act* and regulations and the by-laws of the Northwest Territories Business Development and Investment Corporation.

Guy LeGras, CPA, CA
Principal
for the Auditor General of Canada

29 August 2016
Edmonton, Canada

Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Financial Position (000's)

	March 31, 2016	March 31, 2015
	$	$
Financial Assets		
Cash (Note 3)	15,608	17,166
Accounts receivable	120	132
Inventories held for resale (Note 4)	553	525
Loans receivable (Notes 5 and 6)	39,209	36,844
Venture investments (Note 7)	7	18
	55,497	54,685
Liabilities		
Accounts payable and accrued liabilities (Note 11)	1,387	1,142
Cash security payable (Note 8)	-	2,006
Post-employment benefits (Note 9)	306	448
Advances from the Government (Note 10)	25,115	26,274
Asset retirement obligations	24	13
	26,832	29,883
Net financial assets	28,665	24,802
Non-financial assets		
Tangible capital assets (Schedule A)	281	260
Prepaid expenses	1	13
	282	273
Accumulated surplus	**28,947**	**25,075**

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

Northwest Territories Business Development and Investment Corporation

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

For the year ended March 31	Budget 2016	Actual 2016	Actual 2015
	$	$	$
Annual surplus	2,279	3,872	2,689
Acquisition of tangible capital assets	-	(53)	-
Amortization of tangible capital assets	26	32	95
Gain on sale of tangible capital assets	-	-	(148)
Proceeds on sale of tangible capital assets	-	-	150
	26	(21)	97
Acquisition of prepaid expenses	-	(1)	(13)
Use of prepaid expenses	-	13	6
	-	12	(7)
Increase in net financial assets	2,305	3,863	2,779
Net financial assets, beginning of year	**24,802**	**24,802**	**22,023**
Net financial assets, end of year	**27,107**	**28,665**	**24,802**

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

Northwest Territories Business Development and Investment Corporation

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

For the year ended March 31	Budget 2016	Actual 2016	Actual 2015
	$	$	$
Revenues			
Interest on loans receivable	2,350	3,153	2,111
Sales and other income	717	911	748
Interest on pooled cash (Note 3)	160	151	168
Gain on sale of tangible capital assets	-	-	148
Recovery of venture investments	-	-	49
Dividends	2	2	8
	3,229	4,217	3,232
Government transfers (Note 11)	4,626	4,311	4,370
	7,855	8,528	7,602
Expenses (Note 12)			
Lending and investments	4,305	3,134	3,528
Retail and manufacturing	1,271	1,522	1,385
	5,576	4,656	4,913
Annual surplus	**2,279**	**3,872**	**2,689**
Accumulated surplus, beginning of year	**25,075**	**25,075**	**22,386**
Accumulated surplus, end of year	**27,354**	**28,947**	**25,075**

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

Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Cash Flows (000's)

For the year ended March 31	2016	2015
	$	$
Operating transactions		
Cash received from:		
Governments	3,626	3,164
Customers	979	745
Interest	2,286	2,030
Dividends	2	8
	6,893	5,947
Cash paid for:		
Compensation and benefits	2,535	1,943
Payments to suppliers	1,428	1,780
Interest on advances from the Government	142	259
Grants and contributions	271	301
	4,376	4,283
Cash provided by operating transactions	**2,517**	**1,664**
Capital transactions		
Acquisition of tangible capital assets	(53)	-
Proceeds on sale of tangible capital assets	-	150
Cash (used for) provided by capital transactions	**(53)**	**150**
Investing transactions		
Loans receivable disbursed	(5,962)	(4,589)
Loans receivable repaid	5,093	4,621
Proceeds from security	-	2,006
Release of the proceeds from security (Note 8)	(2,006)	-
Redemptions of venture investments	11	97
Cash (used for) provided by investing transactions	**(2,864)**	**2,135**
Financing transactions		
Repayment of advances from the Government	(1,158)	(1,741)
Cash used for financing transactions	**(1,158)**	**(1,741)**
(Decrease) Increase in cash	**(1,558)**	**2,208**
Cash, beginning of year	17,166	14,958
Cash, end of year	**15,608**	**17,166**

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

1. The Corporation

(a) Authority

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

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

(b) Mandate

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

(c) Government transfers and advances

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

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

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

(d) Taxes

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

(e) Budget

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

2. Summary of significant accounting policies

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

(a) Measurement uncertainty

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

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

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

(b) Principles of consolidation

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

Organization	Location	Percentage Ownership	Incorporation Date
Light manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
Fine arts and souvenirs			
Acho Dene Native Crafts Ltd.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Ulukhaktok, NT	100%	February 12, 2008
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Muskox Harvesting			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

2. Summary of significant accounting policies (continued)

(c) Cash

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

(d) Inventories

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

(e) Loans receivable

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

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

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

Under the provisions of the updated FAA that came into effect on April 1 2016, the authority to approve write-offs and forgiveness above a certain threshold has been delegated to the FMB by the Legislative Assembly. An account (loan or venture investment) can only be approved for write-off by either the Board of Directors ($50,000 or less) or the FMB (over $50,000). 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.

Prior to the FAA update, an account can only be approved for write-off by either the Board of Directors ($20,000 or less) or the Legislative Assembly (over $20,000); and forgiveness by the FMB ($1,000 or less) or the Legislative Assembly (over $1,000).

2. Summary of significant accounting policies (continued)

(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.

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, cash security payable, 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 June 2015, the PSAB issued three 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 three sections:

(i) **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.

(ii) **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 uncertainly will confirm the existence or non-existence of an asset.

(iii) **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.

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

3. Cash (continued)

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 1.08% during the year (2015: 1.13%).

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

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

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

	000's	
	2016	**2015**
	$	**$**
Cash held by the Corporation for operations	6,797	6,270
Cash held by the Corporation's organizations	1,253	1,207
Cash held for post-employment benefits	306	448
	8,356	7,925
Venture Investment Fund	4,182	4,170
Capital Fund	873	873
Subsidy Fund	488	462
Venture Reserve Fund	486	485
Loans and Bonds Fund (Note 8)	1,076	3,104
Capital Reserve Fund	147	147
	7,252	9,241
	15,608	**17,166**

4. Inventories

	000's	
	2016	2015
	$	$
Inventories held for resale:		
Arts and crafts	309	330
Canvas products	244	195
	553	**525**

During the year, $79,000 of inventories were written down (2015: $91,000) and no inventories were pledged as security. Also during the year, the Corporation had no recoveries on inventory that had been previously written down to nil carrying value (2015: 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			
		2016		2015	
		Rate	Balances	Rate	Balances
		%	$	%	$
Performing loans due within:	1 year	5.10	11,932	5.23	3,666
	1-2 years	5.78	4,034	5.18	14,159
	2-3 years	5.34	3,665	5.78	4,251
	3-4 years	5.44	6,943	5.35	4,026
	over 4 years	5.46	11,785	5.49	8,956
			38,359		35,058
Accrued loan interest receivable			166		176
Impaired loans			5,825		7,388
			44,350		42,622
Less: allowance for credit losses (Note 6)			5,141		5,778
			39,209		**36,844**

In 2016, two accounts totalling $327,000 were written off by the FMB (2015: none by the FMB and $145,000 by the Legislative Assembly) and two accounts totalling $31,000 were written off by the Board of Directors (2015: nil). In 2016, no accounts were forgiven by the FMB (2015: none by the FMB and

5. Loans receivable (continued)

$70,000 by the Legislative Assembly). In 2016, recoveries on loans previously written off totalled $3,000 (2015: $20,000).

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

	000's			
	2016		2015	
Enterprise	Performing	Impaired	Performing	Impaired
	$	$	$	$
Construction	7,679	142	8,256	541
Retail trade	6,339	584	6,578	703
Accommodations, food and beverage	6,159	1,790	4,224	2,314
Transportation and storage	4,564	124	4,656	19
Real estate and rentals	4,535	-	3,869	-
Business services	2,225	-	379	-
Wholesale trade	2,212	-	2,449	-
Other services	1,507	169	772	314
Manufacturing	734	26	1,196	26
Management of companies	676	-	797	-
Communication	437	-	467	-
Finance and insurance	432	609	455	820
Health care	414	-	225	-
Arts and craft	392	-	169	-
Travel and Tourism	32	1,667	536	1,764
Forestry and logging	22	-	30	-
Oil and gas	-	617	-	790
Educational services	-	59	-	59
Fisheries and wildlife	-	38	-	38
	38,359	**5,825**	**35,058**	**7,388**

The loans receivable balance contains one loan, totalling $20,000, made to a venture investee (2015: $39,000). This loan is in addition to the venture investments shown in Note 7.

5. Loans receivable (continued)

Geographic concentration

	000's			
	2016		2015	
Region	Performing	Impaired	Performing	Impaired
	$	$	$	$
South Slave	18,331	2,007	18,352	2,635
Dehcho	7,048	84	6,616	88
North Slave	7,394	3,141	6,266	3,774
Inuvik	3,605	428	1,944	542
Sahtu	1,981	165	1,880	349
	38,359	**5,825**	**35,058**	**7,388**

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

	000's	
Credit risk rating	**2016**	**2015**
	$	$
Low	22,666	22,568
Medium	15,090	10,705
High	603	1,785
	38,359	**35,058**

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

	000's	
Loans past due but not impaired	**2016**	**2015**
	$	$
31 – 60 days	-	147
61 – 90 days	-	239
Over 90 days	-	-
	-	**386**

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 2016 (2015: nil).

6. Allowance for credit losses

	000's 2016	000's 2015
	$	$
Balance, beginning of year	5,778	6,399
Provision for credit losses	126	185
Loans written off or forgiven	(167)	(215)
Recoveries from repayments	(596)	(591)
Balance, end of year	**5,141**	**5,778**
Comprised of:		
Specific allowance	4,374	5,077
General allowance	767	701
	5,141	**5,778**

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, 2016, the Corporation does not have significant influence in the companies in which it has invested.

	000's 2016	000's 2015
	$	$
Balance, beginning of year	18	66
Recoveries	-	49
Redemptions	(11)	(97)
Balance, end of year	**7**	**18**

The total cumulative venture investments at March 31, 2016 was $661,000 (2015: $672,000) with accumulated write-downs of $654,000 (2015: $654,000). In 2016, no venture investments were approved for write-off by the FMB (2015: none by the FMB and $700,000 by the Legislative Assembly).

Preferred shares and dividends

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

8. Cash security payable

The Corporation released $2,006,000 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 1.8 times (2015: 1.9) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.2 times (2015: 1.7) the employee's contribution. Total contributions of $246,000 (2015: $236,000) 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	
	2016	**2015**
	$	**$**
Corporation's contributions	246	236
Employees' contributions	141	126

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.

In 2016, the Government on behalf of the Corporation conducted an actuary assessment of these costs. The findings are adjusted in the 2016 benefits.

9. Employment and post-employment benefits (continued)

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

	000's 2016	000's 2015
	$	$
Post-employment benefits, beginning of year	448	418
Retirement and transfer out	-	(6)
Cost and transfer in	16	36
Actuarial gain	(158)	-
Post-employment benefits, end of year	**306**	**448**

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 (2015: $45 million) as at March 31, 2016.

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 0.42% to 0.68% (2015: 0.43% to 1.2%) during the year.

11. Government transfers

	000's					
	2016			2015		
	Lending/ Invest-ments	Retail/ Manufac-turing	Total	Lending/ Invest-ments	Retail/ Manufac-turing	Total
	$	$	$	$	$	$
Government:						
Operations and maintenance	2,717	640	**3,357**	2,849	640	**3,489**
Services received without charge (Note 16)	857	-	**857**	784	-	**784**
	3,574	640	**4,214**	3,633	640	**4,273**
Federal programs	97	-	**97**	97	-	**97**
	3,671	**640**	**4,311**	**3,730**	**640**	**4,370**

During the current fiscal year the Corporation had surplus funding of $432,000 (2015: $234,000). 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.

12. Expenses by object

	000's					
	2016			2015		
	Lending/ Invest-ments	Retail/ Manu-factur-ing	Total	Lending/ Invest-ments	Retail/ Manu-factur-ing	Total
	$	$	$	$	$	$
Advertising and promotion	56	11	**67**	23	16	**39**
Amortization	6	26	**32**	6	89	**95**
Asset retirement	10	-	**10**	-	-	**-**
Bad debts	-	38	**38**	5	16	**21**
Bank charges and interest	2	28	**30**	2	23	**25**
Board members	52	1	**53**	57	2	**59**
Business Development Fund	271	-	**271**	301	-	**301**
Business Service Centre	241	-	**241**	257	-	**257**
Computers and communications	112	22	**134**	117	16	**133**
Cost of goods sold	-	836	**836**	-	707	**707**
Insurance	-	25	**25**	-	25	**25**
Interest expense on advances from the Government	142	-	**142**	259	-	**259**
Office and general	40	15	**55**	45	26	**71**
Professional services	48	87	**135**	140	93	**233**
Recovery of credit losses, net	(470)	-	**(470)**	(407)	-	**(407)**
Rent	209	16	**225**	180	15	**195**
Repairs and maintenance	-	13	**13**	-	12	**12**
Salaries and benefits	2,319	270	**2,589**	2,442	194	**2,636**
Supplies	-	-	**-**	-	1	**1**
Training and workshops	30	-	**30**	15	-	**15**
Travel	66	21	**87**	86	26	**112**
Utilities	-	113	**113**	-	124	**124**
	3,134	**1,522**	**4,656**	**3,528**	**1,385**	**4,913**

13. Commitments

As at March 31, 2016, loans to businesses, approved but not yet disbursed, totalled $2.7 million at a weighted average interest rate of 4.2% (2015: $2.9 million at a weighted average interest rate of 4.9%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2016, contributions to businesses approved but not yet disbursed totalled $25,000 (2015: $45,000).

14. Contingencies

Loans

The Corporation has four outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling $1,041,000 (2015: four outstanding loans totalling $1,161,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If as-

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 2016, no accounts were assigned to the Corporation (2015: one account in the amount of $84,000).

Letters of credit

The Corporation has six outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled $2,375,000 (2015: $2,385,000) and expire in 2016 (3), 2017 (2) and 2020 (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 (2015: nil).

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:

	000's	
	2016	**2015**
	$	**$**
Revenues		
Sales	10	37
Government transfers (Note 11)	4,214	4,273
Expenses		
Purchases	186	185
Interest on advances from the Government	142	259
Balances at year end		
Accounts receivable	1	26
Accounts payable and accrued liabilities	530	390
Advances from the Government	25,115	26,274

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 2016	000's 2015
	$	$
Staff support	620	556
Accommodation	237	228
	857	**784**

17. Budgeted figures

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

The 2016 and 2015 budgeted expenses are as follows:

	000's 2016			000's 2015		
	Lending/ Invest-ments	Retail/ Manu-factur-ing	Total	Lending/ Invest-ments	Retail/ Manu-factur-ing	Total
	$	$	$	$	$	$
Advertising and promotion	30	7	**37**	30	12	**42**
Amortization	6	20	**26**	10	57	**67**
Bad debts	-	5	**5**	-	5	**5**
Bank charges and interest	-	26	**26**	-	20	**20**
Board members	50	1	**51**	50	1	**51**
Business Development Fund	300	-	**300**	300	-	**300**
Business Service Centre	250	-	**250**	97	-	**97**
Computers and communications	96	17	**113**	105	19	**124**
Cost of goods sold	-	719	**719**	-	600	**600**
Freight and courier	-	5	**5**	-	5	**5**
Insurance and licenses	-	25	**25**	-	24	**24**
Interest expense	340	-	**340**	475	-	**475**
Office and general	50	22	**72**	50	28	**78**
Professional services	90	81	**171**	90	74	**164**
Provision for credit losses, net	200	-	**200**	500	-	**500**
Rent	213	16	**229**	240	13	**253**
Repairs and maintenance	-	11	**11**	-	20	**20**
Salaries and benefits	2,560	224	**2,784**	2,870	170	**3,040**
Supplies	-	1	**1**	-	2	**2**
Travel and vehicles	120	33	**153**	115	45	**160**
Utilities	-	58	**58**	-	144	**144**
	4,305	**1,271**	**5,576**	**4,932**	**1,239**	**6,171**

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, 2016, $142,000 (2015: $467,000) 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, 2016:

	000's	
	2016	2015
	$	$
Cash	15,608	17,166
Accounts receivable	120	132
Loans receivable	39,209	36,844
Venture investments	7	18
Letters of credit	2,375	2,385

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.

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, 2016 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by $93,000 (2015: $118,000). A 100 basis point decrease in interest rates would increase annual surplus by $3,000 (2015: $82,000).

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.

19. Subsequent event

In April 2016, the Minister approved an interest rebate to qualifying borrowers. Each borrower is eligible to receive up to a maximum of $3,000 in interest rebate for a period of up to one year effective April 2016 at an estimate cost of $260,000.

20. Comparative figures

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

Schedule A
000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improve-ments	Computer Equipment	March 31, 2016	March 31, 2015
	$	$	$	$	$	$	$
Cost of tangible capital assets, opening	80	1,950	659	449	25	3,163	3,608
Acquisitions	-	-	53	-	-	53	-
Disposals	-	-	(47)	-	(5)	(52)	(445)
Cost of tangible capital assets, closing	80	1,950	665	449	20	3,164	3,163
Accumulated amortization, opening	-	1,782	647	449	25	2,903	3,251
Amortization expense	-	12	20	-	-	32	95
Disposals	-	-	(47)	-	(5)	(52)	(443)
Accumulated amortization, closing	-	1,794	620	449	20	2,883	2,903
Net book value	**80**	**156**	**45**	**-**	**-**	**281**	**260**

BDIC
NWT

NORTHWEST TERRITORIES HERITAGE FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(unaudited)

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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

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

Yellowknife, Northwest Territories
June 10, 2016

Northwest Territories Heritage Fund

Statement of Financial Position (unaudited)

as at March 31, 2016

	2016 $	2015 $
Financial assets:		
Cash (Note 3)	5,520,492	764,843
Accounts Receivable	4,923	779
	5,525,415	**765,662**
Liabilities	-	-
Net financial assets	**5,525,415**	**765,662**
Accumulated surplus	**5,525,415**	**765,662**

Approved:

Robert C. McLeod
Chairman of the Financial Management Board

Sandy Kalgutkar
Deputy Secretary of the Financial Management Board

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

Northwest Territories Heritage Fund

Statement of Change in Net Financial Assets (unaudited)

for the year ended March 31, 2016

	2016 $	2015 $
Net financial assets, beginning of year	765,622	506,033
Items affecting net financial assets:		
Annual surplus	4,759,793	259,589
Net financial assets, end of year	**5,525,415**	**765,622**

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

Northwest Territories Heritage Fund

Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2016

	2016 Budget $	2016 Actual $	2015 Actual $
Revenues:			
Interest	25,000	37,583	9,589
Contribution from GNWT	7,600,000	4,722,210	250,000
	7,625,000	4,759,793	259,589
Expenses	-	-	-
Annual surplus	7,625,000	4,759,793	259,589
Accumulated surplus, beginning of year	765,622	765,622	506,033
Accumulated surplus, end of year	8,390,622	5,525,415	765,622

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

Northwest Territories Heritage Fund

Statement of Cash Flow (unaudited)

for the year ended March 31, 2016

	2016 $	2015 $
Cash provided by (used in) **Operating transactions**		
Annual surplus for the year	4,759,793	259,589
Changes in non-cash assets and liabilities:		
Increase in accounts receivable	(4,144)	(264)
Increase in cash	**4,755,649**	**259,325**
Cash, beginning of year	**764,843**	**505,518**
Cash, end of year	**5,520,492**	**764,843**

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, 2016 was 1.13% (2015 - 1.25%). 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 Annual Report 2015-2016

Northwest Territories

Housing Corporation

Annual Report 2015-2016

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Message from the Minister

As Minister Responsible for the Northwest Territories Housing Corporation (NWTHC), it is my pleasure to present the NWTHC 2015-2016 Annual Report.

As we near the end of our current strategic framework established in 2012, we take stock of all that's been achieved and begin to look ahead to what work still needs to be accomplished.

Our approach to housing has been to encourage and strengthen self–reliance and support residents in meeting their own shelter needs. We recognize the importance of housing in supporting community sustainability, contributing to efforts to reduce poverty, and reflect on the linkages between housing, education and health concerns that affect the most vulnerable among Northwest Territories (NWT) residents.

The local housing organizations (LHOs), the NWTHC's front line agents on the ground, are located in most communities throughout the NWT. To make housing services and programs more accessible, we have expanded the LHO offices into the communities of Gameti and Whati. In addition, the services of Government Service Officers are utilized in communities where there are no LHOs.

Our elders are the foundation of our communities' cultures, traditions and history, and are among the fastest growing populations in the NWT. In recognition of this the NWTHC is increasing accessibility of not only our housing stock, building seniors centres such as the Joe Greenland Centre, but also repair programs for homeowners wanting to build accessible modifications to their homes.

As one of the priorities of the 18th Legislative Assembly is to lower the cost of living and create solutions to address homelessness, the NWTHC will continue to look towards creative solutions towards resolving homelessness in the NWT. We recognize that the best approach is a holistic one, where communities and stakeholders work together and, we will continue to foster these relationships that includes hearing the voices of the most vulnerable in our communities, the homeless.

In the face of challenges such as the declining federal funding and economic downturn, the NWTHC will continue to strive to be responsive to the housing needs of our people.

Caroline Cochrane

The Honourable Caroline Cochrane
Minister Responsible for the Northwest Territories Housing Corporation

MESSAGE FROM THE PRESIDENT AND CEO

The Northwest Territories Housing Corporation (NWTHC) continues to strive towards providing access to safe and affordable housing for residents across the Northwest Territories (NWT). Our actions are guided by the priorities of the 18th Legislative Assembly, and our strategic framework, Building for the Future.

The Public Housing Program continues to be the NWTHC's largest portfolio with a housing stock that exceeds 2,400 housing units, and expenses representing 55% of the annual operating expenditures. Significant investments totaling a near $37 million were made to the program during the fiscal year.

Lack of rental housing for critical community workers such as nurses and teachers was identified as a barrier to service delivery as options for rental housing in non-market communities may often be limited. To help address this barrier, the NWTHC constructed 41 affordable housing units across the NWT this year. These new units contribute to ongoing community sustainability and governance.

The NWTHC strives to meet the changes in housing demand as demographics of our population continue to change. With the number of seniors across the NWT forecasted to increase by 26% over the next five years, the NWTHC is constructing seniors' complexes such as the Joe Greenland Centre in Aklavik. In addition, the NWTHC has implemented changes to the homeownership repair programs to support elders aging in place within their communities.

To address the sustainability of Public Housing, the NWTHC has worked with the Housing Corporations of the Yukon and Nunavut to develop a plan for renewed federal engagement which includes a Tri-Territorial Business Case. This work will help drive discussions that may lead to consistent long-term federal support for northern housing.

This year brought about the end of the 17th Legislative Assembly and ushered in a new government. New leadership continued to view safe and affordable housing as a key focus. Specifically, the 18th Legislative Assembly included housing actions under the key priorities of cost of living and community wellness and safety.

In closing, I would like to thank the dedication of the NWTHC staff, community agencies and the participation of residents without whom the work that we are committed to doing would not be possible. Moving forward as the NWT faces increasing economic uncertainty and declines in the federal provision for social housing, the NWTHC will continue to work tirelessly for the residents of the NWT in our goal of providing safe and affordable housing.

Mr. Jeff Anderson
President and CEO
Northwest Territories Housing Corporation

Corporate Profile

Mission Statement

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

Goals:

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

Corporate Structure

Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, and municipal and Aboriginal governments, to manage and administer community housing services in 33 communities.

Branches

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

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

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

Finance and Infrastructure Services – The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Infrastructure Services Division, Financial Planning Section and Information Services Section. Through these units, the Branch manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and capital infrastructure delivery.

Finance and Administration Division - The Finance and Administration Division is responsible for the overall financial management and administrative functions of the Corporation including financial support and advice to senior management and other stakeholders including the Local Housing Organizations (LHOs). The Division provides accounting services such as reporting and monitoring on the financial position of the Corporation and the completion of the year-end consolidated financial statements. It is also responsible for the treasury function and for the mortgage and debt administration of the Corporation.

The Division also provides asset management services to ensure that over 2,700 housing assets are safeguarded through effective inventory management, life cycle costing, and the collection of asset level utility and maintenance costing. It supports the administration of all leases for supplemental housing units and Corporate and LHO office and warehouse space requirements. The Division also oversees the administration of the Social Housing and Affordable Housing funding agreements with our federal partner, the Canada Mortgage and Housing Corporation (CMHC) and various other third party agreements where the Corporation provides subsidy assistance and operation support to non-profit housing organizations.

Debt Repayment is the responsibility of this Branch, which refers to the payment of long-term debt to CMHC for the provision of rental housing. The annual principal and interest payments are cost-shared with CMHC as they contribute a significant portion of the funds to service the debt.

Financial Planning - The Financial Planning Section is responsible for the coordination of the development of plans for capital infrastructure and minor capital projects, corporate budget development, project and budget change management and variance analysis.

Information Services - The Information Services Section provides strategic advice and guidance on the use of information and communications technology and broad information management services to support the delivery of programs and services of the Corporation and its community partners. The Section is responsible for developing Corporation specific information systems as well as system training, which are critical to the delivery of housing programs and services.

Infrastructure Services Division - The Infrastructure Services Division is responsible for the overall development, design and procurement, planning and delivery of capital infrastructure projects in support of the NWTHC's rental and homeownership programs. This Division is also responsible for the planning, procurement, and administration of suitable land for the delivery of housing programs and services, and the security of NWTHC assets and mortgage interests. Infrastructure Services is also responsible for the maintenance management of the NWTHC's rental housing portfolio in order to ensure its long term sustainability. The Division provides technical assistance in the development of new housing programs and supports the District Offices in their delivery of the Contributing Assistance for Repairs and Enhancements (CARE) program in collaboration with private homeowners to determine their repair needs and develop scopes of work. Finally, Infrastructure Services is the NWTHC's lead on issues related to energy efficiency and new housing technologies.

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

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

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

North Slave District Office:
This District Office supports the communities of: Behchoko, Dettah/N'dilo, Gameti, Lutsel K'e, Wekweeti, Whati and Yellowknife.

South Slave District Office:
This District Office supports the communities of: Enterprise, Hay River, Hay River Reserve, Kakisa, Fort Providence, Fort Resolution and Fort Smith.

Nahendeh District Office:
This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake and Wrigley.

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

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

Local Housing Organizations (LHOs) – The NWTHC, in partnership with 24 LHOs, and community organizations, administers approximately 2,400 social housing units in 31 communities across the NWT. The LHOs, under agreement with the NWTHC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWTHC's district offices are responsible for these operations in communities where an LHO has not been established.

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

The following is a list of all LHOs:

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Ko Gha K'àodèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Providence Housing Association	Sachs Harbour Housing Association
Fort Resolution Housing Authority	Tsiigehtchic Housing Association
Fort Simpson Housing Authority	Tuktoyaktuk Housing Association
Fort Smith Housing Authority	Tulita Housing Association
Gameti Housing Authority	Ulukhaktok Housing Association
Hamlet of Fort Liard	Whati Housing Authority
Hay River Housing Authority	Yellowknives Dene Band Housing Division
Inuvik Housing Authority	Yellowknife Housing Authority

NWTHC PROGRAMS

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

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWTHC. The NWTHC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWTHC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 31 communities throughout the NWT.

Affordable Housing

The NWTHC provides affordable housing throughout the NWT though the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program. In 2015-2016, the NWTHC had 225 units in the HELP program and 152 units in the Market Housing Program.

The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to lease subsidized units from the NWTHC at affordable standardized rents based on geographic zones. Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through STEP courses.

A unit is leased to eligible applicants (tenant) who pay a subsidized rent depending on the Community they reside in. After completing a six-month lease period, the tenant is eligible to receive an "equity contribution" of up to $20,000, to purchase a unit, provided that the tenant: is not in default of the HELP Agreement or the Residential Tenancy Agreement, has no outstanding rental arrears or tenant related damages and has completed the required courses of the STEP Program.

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like teachers and nurses. In order to support non-market communities, the NWTHC operates 152 units under the Market Housing Program. Under the program, the NWTHC provides rental housing units at market rental rates intended to increase the availability of housing in smaller communities for community workers.

NWTHC PROGRAMS

Transitional Rent Supplement Program

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

Homeownership

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

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents and also meets the needs of seniors, and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners.

Last year, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWTHC is necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

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

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)

STEP

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process, basic home maintenance and repairs.

STEP courses are not only offered to NWTHC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

NWTHC PROGRAMS

PATH

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

CARE

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

CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to $100,000 to carry out modifications to their home to improve accessibility and support independent living. Again, co-pay may be required depending on household income.

- Modifications may include:
- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.
- Modifications must be directly related to the disability of the homeowner or a family member residing in the unit.

CARE PM

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

SAFE

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

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Major and Minor Capital Spending

Overall, the NWTHC provided housing programs at a value of $51,386,000 in fiscal year 2015-2016.

The following chart reports the programs and financial assistance under major and minor capital provided to NWT residents by the NWTHC during fiscal year 2015-2016. The data is presented as a breakdown by regional basis and territorial wide then follows with the amount of approved applications for homeownership programs offered through the NWTHC.

Beaufort-Delta District

Activity	Dollar Value
Public Housing	
Replacement	$5,686,000
Major M&I	$3,670,000
Minor M&I	$3,470,000
Affordable Housing New	$3,299,000
Homeownership Repair	$914,000
Other Capital	$299,000
Total	**$17,338,000**

Sahtu District

Activity	Dollar Value
Public Housing	
Replacement	$2,570,000
Major M&I	$3,051,000
Minor M&I	$948,000
Affordable Housing New	$4,919,000
Homeownership Repair	$455,000
Other Capital	$40,000
Total	**$11,983,000**

Nahendeh District

Activity	Dollar Value
Public Housing	
Replacement	$1,334,000
Major M&I	$756,000
Minor M&I	$292,000
Affordable Housing New	$703,000
Homeownership Repair	$163,000
Other Capital	$75,000
Total	**$3,323,000**

South Slave District

Activity	Dollar Value
Public Housing	
Replacement	$790,000
Major M&I	$2,212,000
Minor M&I	$2,159,000
Affordable Housing New	$549,000
Homeownership Repair	$566,000
Other Capital	$151,000
Total	**$6,427,000**

North Slave District

Activity	Dollar Value
Public Housing	
Replacement	$6,110,000
Major M&I	$1,716,000
Minor M&I	$2,030,000
Affordable Housing New	$1,522,000
Homeownership Repair	$695,000
Other Capital	$242,000
Total	**$12,315,000**

Northwest Territories

Activity	Dollar Value
Public Housing	
Replacement	$16,490,000
Major M&I	$11,405,000
Minor M&I	$8,899,000
Affordable Housing New	$10,992,000
Homeownership Repair	$2,793,000
*Other Capital**	$807,000
Total	**$51,386,000**

** Other Capital includes Warehouses, TRSP & Homelessness, Computers, and Vehicles including purchases allocated to Headquarters.*

NWTHC Program Delivery in a Snapshot

Homeownership Programs

Approved programs offered through the NWTHC in 2015-2016.

Beaufort Delta District

Program	Number of Programs
CARE PM	74
CARE Major	6
CARE Mobility	1
PATH	4
HELP	5
SAFE	18
Totals:	**108**

Sahtu District

Program	Number of Programs
CARE PM	8
CARE Major	0
CARE Mobility	0
PATH	1
HELP	7
SAFE	1
Totals:	**17**

Nahendeh District

Program	Number of Programs
CARE PM	18
CARE Major	1
CARE Mobility	0
PATH	0
HELP	0
SAFE	16
Totals:	**35**

South Slave District

Program	Number of Programs
CARE PM	41
CARE Major	9
CARE Mobility	0
PATH	5
HELP	4
SAFE	30
Totals:	**89**

North Slave District

Program	Number of Programs
CARE PM	95
CARE Major	8
CARE Mobility	0
PATH	3
HELP	0
SAFE	20
Totals:	**126**

Northwest Territories

Program	Number of Programs
CARE PM	236
CARE Major	24
CARE Mobility)	1
PATH	13
HELP	16
SAFE	85
Totals:	**375**

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Public Housing and Affordable Housing Programs

Expenditures for public housing and affordable housing programs in 2015—2016 totaled $52.1 million. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver these programs on behalf of the NWTHC. The operating agreements between the community partners and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of social housing units in the NWT.

Beaufort Delta District

Rental Housing	Results
Number of Units	862
Expenditures	$21,287,000
Tenant Assessed Rent	$2,293,376
Collection Rate	111%

Sahtu District

Rental Housing	Results
Number of Units	235
Expenditures	$6,653,000
Tenant Assessed Rent	$661,355
Collection Rate	100%

Nahendeh District

Rental Housing	Results
Number of Units	139
Expenditures	$2,844,000
Tenant Assessed Rent	$440,437
Collection Rate	89%

South Slave District

Rental Housing	Results
Number of Units	502
Expenditures	$8,221,000
Tenant Assessed Rent	$1,062,386
Collection Rate	109%

North Slave District

Rental Housing	Results
Number of Units	710
Expenditures	$13,153,000
Tenant Assessed Rent	$1,910,366
Collection Rate	116%

Northwest Territories

Rental Housing	Results
Number of Units	2,448
Expenditures[1]	$52,158,000
Tenant Assessed Rent	$6,367,920
Collection Rate[2]	110%

[1] See Note 13 in Notes to Consolidated Financial Statements. Repairs, Maintenance and Improvement portion of maintenance and other costs and interest on long term debt are not included in above data.

[2] The Collection Rate is calculated using actual collections divided by the Tenant Assessed Rent. Collections includes payments on rental arrears, which may result in collections rates over 100%.

PUBLIC HOUSING UNIT CONDITION RATINGS

Each year, the NWTHC and LHOs conduct unit condition ratings on NWTHC owned public housing units.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps support the NWTHC on how best to utilize its scarce financial resources to improve the quality of housing across the NWT.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements (M&I) projects based on the condition of our existing public housing stock. M&Is are done in order to maintain the quality of housing for our tenants.

Condition ratings are also done to determine when older units need to be replaced or scheduled for demolition. In addition, the data collected through the unit condition ratings allow a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC has also implemented a training, monitoring and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required.

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation determines the cost benefit of investing further dollars to modernize and improve the unit to extend its useful life or to dispose of the unit and replace it.

The NWTHC plans for a 50-year life of new units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2015-2016. Unit condition ratings are finalized in the month of October of each year.

Public Housing Unit Condition Ratings

NWTHC owned Public Housing Unit Condition Ratings for 2015-2016				
	Unit Condition Ratings			
Community	**Under 60%**	**60% to 69%**	**70% and better**	**TOTAL UCRs Completed**
BEAUFORT DELTA				
Aklavik	1	2	140	143
Fort McPherson	3	20	118	141
Inuvik	21	22	177	220
Paulatuk	-	6	61	67
Sachs Harbour	-	1	23	24
Tsiigehtchic	1	-	24	25
Tuktoyaktuk	1	-	171	172
Ulukhaktok	-	-	97	97
TOTAL BEAUFORT DELTA	***27***	***51***	***811***	***889***
NAHENDEH				
Fort Liard	1	-	42	43
Fort Simpson	6	-	101	107
Jean Marie River	1	-	4	5
Nahanni Butte	1	1	2	4
Trout Lake	1	-	5	6
Wrigley	6	-	11	17
TOTAL NAHENDEH	***16***	***1***	***165***	***182***
NORTH SLAVE				
Behchoko	59	55	104	218
Dettah	2	16	25	43
Gameti	1	4	23	28
Lutsel K'e	2	8	55	65
N'Dilo	3	12	15	30
Wekweeti	-	-	9	9
Whati	3	4	34	41
Yellowknife	20	9	159	188
TOTAL NORTH SLAVE	***90***	***108***	***424***	***622***
SAHTU				
Colville Lake	-	-	7	7
Deline	27	16	58	101
Fort Good Hope	6	1	52	59
Norman Wells	4	3	49	56
Tulita	16	24	44	84
TOTAL SAHTU	***53***	***44***	***210***	***307***
SOUTH SLAVE				
Fort Providence	10	6	108	124
Fort Resolution	1	5	83	89
Fort Smith	-	1	156	157
Hay River	4	17	153	174
Kakisa	2	-	2	4
K'atlodeeche First Nation	-	1	6	7
TOTAL SOUTH SLAVE	***17***	***30***	***508***	***555***
TOTAL ALL DISTRICTS	**203**	**234**	**2,118**	**2,555**

*Note: Approved surplus and pending surplus units have been removed from this summary. UCRs are not completed on units leased from private landlords.

Retrospective on the Building for the Future Strategic Plan

In 2012, the NWTHC developed a strategic plan for housing, *Building for the Future*, which was built off of the Shelter Policy Review completed in previous year. The strategic plan outlines eight strategic priorities related to housing, which are:

- Strengthening Public Housing
- Improving homeownership supports
- Increasing housing options in non-market communities
- Improving housing services
- Strengthening the approach to homelessness and transitional housing
- Addressing housing challenges for the working poor
- Developing infrastructure solutions based on individual and community needs and
- Addressing the declining federal funding

Since being released the NWTHC has made tremendous strides in implementing actions to meet these priorities. In strengthening public housing a new rent scale was developed and implemented, designed to address the disincentive to work and not create barriers for people improving their well-being. Improvements have been made on the accessibility of homeownership programming and a new emergency repair program has been created for when homeowners are facing unexpected disasters.

To reach out to families that are struggling to pay their bills and spend more than 30% of their gross income on their shelter costs the Transitional Rent Supplement program has been implemented.

Critical community service workers such as teachers and nurses have had challenging times in finding adequate housing, especially in the smaller remote communities. To meet this demand the NWTHC has begun expanding its market housing program by constructing 88 units over 3 years.

Expanding our local housing services into communities improves access to housing programs and services. The NWTHC is coordinating with, and supporting a range of public and private agencies to address gaps in the housing continuum; including addressing emergency shelter needs and housing supports for seniors.

The NWTHC will continue to be responsive to the housing needs of the residents of the NWT. Further work will be undertaken to incorporate alternative energy technology and retrofit upgrades into the design of social housing units that promotes energy efficiency, extends and modernizes the units and reduces our carbon footprint.

Part of strengthening the provision of housing on the local front also means bringing it forward nationally. The NWTHC is working with our provincial and territorial counterparts to raise the prominence of northern housing issues at the federal level and make it a significant part of the national discussion. Further to those efforts, the NWTHC worked with Yukon and Nunavut to develop a Tri-Territorial Business Case as a blueprint for informed federal engagement.

The priorities that are being brought forward are key to ensuring housing in the North is suitable, adequate and available for future generations of Northerners and are key to building on the Cost-of-Living priority of the 18th Legislative Assembly.

SENIORS PROGRAMMING

As the population of seniors in the NWT increases, so does the demand for housing options and services that facilitate a senior's ability to live independently in their own homes and their own communities as they age. While this may not seem pressing, the population of seniors in the NWT is forecasted to nearly double by 2031.

To meet the needs of our aging population, the NWTHC is taking a number of steps to help our seniors' age in place. With the appropriate support, seniors staying in their own home communities, amongst their support system including their family and friends has the potential to defer costly moves into long-term or extended care in a regional centre or Yellowknife.

As part of this initiative, the NWTHC has constructed the Aklavik Seniors Complex, the Joe Greenland Centre, that was completed in the fall of 2015. The Joe Greenland Centre includes modern features that will assist residents in their day-to-day living. Some of these supports include a "visit-able" design approach. The design includes no-step entrance areas, wider doorways and a bathroom on the main floor. Other design features may include reinforced bathroom walls for grab bars, levered door handles, raised electrical outlets and lowered light switches.

The NWTHC is planning to build a further four seniors' buildings in Fort Liard, Fort McPherson, Fort Good Hope, and Whati. In each of these buildings eight units will be occupied by seniors and one unit will be designated as a caretaker unit. These buildings will extend seniors' community living arrangements and may assist in the prevention of premature admission to long-term care facilities.

These units are operated under the Public Housing program. Currently, there are 356 Public Housing units across the territory that are designated for seniors and have modifications to improve accessibility. The NWTHC is incorporating specific accessibility features in all new housing units, whether or not they are intended for occupants with mobility challenges.

Making all our units more accessible increases the type of clients that can use all units and allows for our existing buildings to serve the population as it ages.

Market Housing

The lack of market housing options in small communities has been noted as a challenge to effective service delivery, especially in the case of front-line workers like teachers and nurses.

On April 29, 2013, the Northwest Territories Teachers' Association released the Northwest Territories Teachers' Association 2013 Housing Report – NWT Summary. The second part of the report, a Regional Summary, was released on July 3, 2013. This summary noted that the NWTHC was working to allocate a number of vacant housing to teachers, but that teachers still faced three key challenges when it came to housing in the north; lack of available housing, lack of affordable housing, and a lack of adequate housing.

To address this need for market rental options, the NWTHC is planning to deliver 89 new market units over a three-year period from 2014-15 to 2016-17. As part of its 2015-16 delivery, the NWTHC built 41 new Affordable Housing units in various communities across the NWT, which includes the 27 units carried over from 2014-15. A further 22 units will be carried over to the next fiscal year.

Expanding Local Community Housing Services

The NWTHC expanded local housing service delivery in the communities of Whati and Gameti during the year.

This expansion of services requires the NWTHC to build local capacity in these communities as units have been allocated for use as public housing in some communities where there was previously no public housing or limited public housing. The establishment of a formal LHO involves the legal establishment of a Housing Authority under the NWT Housing Corporation Act.

LHOs also require community infrastructure such as an administrative office, a workshop/garage, storage yard, and maintenance equipment and tools. These communities will benefit from more support for their NWTHC operated units, quicker response to their needs, and staff that are available in the community. This will also bring the additional benefit of more jobs to these communities.

New local housing organizations (LHOs) have been established in Whati and Gameti. Another LHO is in the process of being established in Fort Liard. The establishment of these LHOs will create full-time administrative and maintenance staff in these communities. Both Whati and Gameti have full-time managers hired, and will be hiring maintenance staff in the next fiscal year.

These new LHO expansions will support the following units in these communities:

- Gameti: 17 public housing units; 9 affordable housing units
- Whati: 25 public housing units; 16 affordable housing units

This initiative improves community access to housing programs and services, and builds on the Cost-of-Living priority of the 18th Legislative Assembly.

2015-2016 Long Service Award Recipients

Five Years

Arusa Shafi, Policy Analyst – Strategic Planning, Policy and Communications
Dolphus Ferdinand, Service Desk Analyst – Information Services
Gil Lafferty, Technical Advisor—North Slave District Office
Louise Cumming, Supervisor, Accounting Services – Finance and Administration

Ten Years

Crystal Wegernoski, Contracts/Finance Administrator—Sahtu District Office
Jim Martin, Vice-President – Finance and Infrastructure Services
Kate Smith, Construction Manager—Beaufort-Delta District Office
Kelcy McDonald, Programs Manager—Beaufort-Delta District Office
Leon Nason, Technical Advisor—South Slave District Office
Sandy Stewart, Senior Lands Officer—Beaufort-Delta District Office
Shelly Martin, Senior Advisor—Executive Office
Shona Barbour, Programs Advisor—Beaufort-Delta District Office
Susie Hanna, Contracts Administrator — North Slave District Office

Fifteen Years

Bonnie Leonardis, Programs Advisor – North Slave District Office
Mike Keohane, Manager, Programs – North Slave District Office
Rudi Mouthaan, Database Administrator/Programmer – Information Services
Stephen Murphy, Chief Information Officer – Information Services
Todd Moran, Manager, Maintenance Services – Infrastructure Services

Twenty-five Years

Ioan Astle, Manager, Housing Programs & District Operations – Programs and District Operations

Thirty Years

David Klingbeil, Technical Officer Architectural—Infrastructure Services

Appendix A:

Management Discussion and Analysis

Fiscal Year 2015-2016

Managing Risk / Pressures

Although the NWTHC has accomplished much over the 2015-16 fiscal year and has an ambitious agenda of how it will move forward to address the housing needs of our residents, there are both external and internal pressures and risks that impact how the NWTHC does business. In response to these challenges the NWTHC has employed various mitigation strategies to help offset, to the extent possible, these risks.

Declining CHMC Funding

Funding from CMHC for social housing continues to decline. Overall, the decline will be from $20 million in 2002-03 to zero by 2038-39. The funding declines by different amounts on an annual basis depending on when the housing stock was initially constructed in partnership with the federal government. Over the life of the 18th Legislative Assembly federal funding will decline by $1.4 million.

The NWTHC participates in the Provincial – Territorial Housing Forum that leads the inter-jurisdictional efforts to engage the federal government in meaningful discussion regarding sustainable housing. One mitigation strategy that the NWTHC is be pursuing is the expansion of the market rent program to house RCMP in communities. This initiative will not only increase the availability of market housing, but also increase overall corporate revenue with a view of partially offsetting ongoing reductions in federal funding.

The NWTHC will continue to provide opportunities for tenants to take greater responsibility for their utility consumption with a view to reduce overall operating and maintenance costs to offset CMHC funding declines. On August 1, 2016 the tenant paid portion of electricity increased from $.09 per kWh to $.15 per kWh.

Increase in Core Need (Quality of Housing and Affordability)

The level of core need in the NWT according to the 2014 NWT Community Survey is 19.8%. To assist in addressing this situation the NWTHC has continued the allocation of funding under its capital plan towards the replacement or retrofit of the older public housing units.

In accordance with the priorities in the strategic framework, the NWTHC continues to provide the Transitional Rent Supplement Program to address market housing challenges of the working poor and the Securing Assistance for Emergencies repair program to provide access to emergency repairs for low to moderate income households. These programs are in addition to the homeownership and repair programs already offered.

Increased Utility Costs

The sheer remoteness, a small population spread over a large landmass, and the growing global demand for resources such as natural gas and oil has helped to drive up the cost of utilities in the NWT. The NWTHC continually implements capital plans that improve the quality and energy-efficiency of Public Housing units to mitigate increasing utility costs. New construction for the replacement of aging single detached Public Housing is almost exclusively multi-unit buildings, resulting in lower consumption of heating fuel. Our standards for retrofits and new units require that projects meet or exceed EnerGuide for Housing (EGH) 80 design standards. The NWTHC has also invested in new energy efficiency technologies such as biomass and photovoltaic solar systems to help offset the high cost of energy.

In 2014-15 the NWTHC designed and implemented a system to improve detailed tracking of utility consumption and pricing. The system continues to undergo upgrades to improve data obtained from the system to inform the decision making process regarding energy efficient initiatives.

Land Development Issues

The availability of land for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable, developed, vacant lots. The NWTHC continues to work with community governments to identify and develop suitable land for residential construction.

Credit Risk

The NWTHC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges in collecting rent from tenants, resulting in accumulated tenant arrears. The NWTHC has increased support to enhance rent collections, including establishing a collections unit to further support LHOs with their ongoing collection activity. Our Territorial Housing System (THS), an information management database and reporting system, gives the NWTHC the ability to monitor tenant matters and arrears management within LHOs more effectively. The increased focus on collections has resulted in a 110% collection rate for public housing in the 2015-16 fiscal year.

Since 2012, the NWTHC has worked with clients to restructure their mortgages with a view to improving overall collections rates. In 2015-16 the NWTHC realized an average mortgage collection rate of 71% across refinanced mortgages. It was through working with our clients to structure repayment plans that meet their needs that the NWTHC was able to recognize loans previously uncollectible as viable loans.

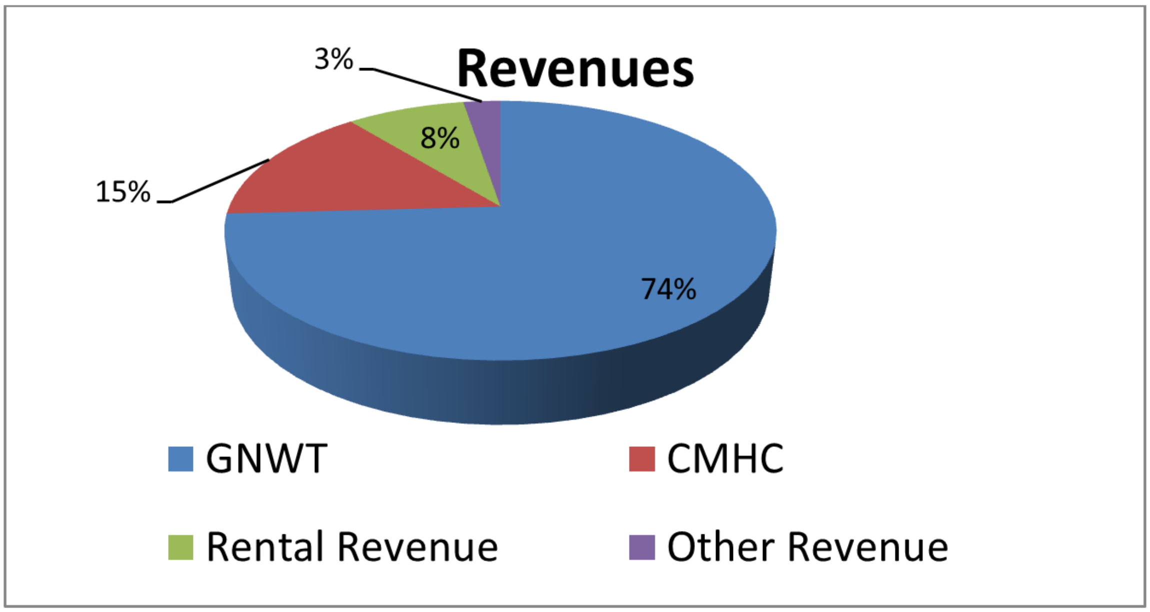
Financial Results

Revenues

The total revenues for the Corporation in 2015-16 were $115.7 million, a decrease of $1.9 million from the previous year's total of $117.6 million.

Government funding, from the GNWT and our Federal housing partner, the Canada Mortgage and Housing Corporation (CMHC), increased from $102.5 million to $103.1 million. The increase is mainly in GNWT funding related to forced growth for collective bargaining and other initiatives.

Revenue generated from operations amounted to $12.6 million in 2015-16, a decrease of $2.5 million over the $15.1 million in revenue generated in 2014-15. This decrease was related to lower rental revenues on the housing portfolio, lower accounting recovery on the mortgage portfolio as a result of higher recoveries recognized in the past several years and lower income from portfolio investments as the investment pool has been drawn down to finance capital projects.



Expenses

The Corporation's total operating expenditures for 2015-16 were $97.8 million, a 2% decrease over the previous year's expenses (2014-15 $99.7 million). Costs of operating the public housing program increased by 2% to $54 million during the fiscal year. Included in these costs was $25.7 million spent on utilities (2014-15 $26.4 million) representing a 3% decrease over the cost for the previous year. The public housing program costs continue to be the largest component of the Corporation's expenses, representing 55.2% of the annual operating expenditures .

Building, repairs and maintenance costs related to the public housing stock were $10.6 million in 2015-16, an increase of 14% over the $9.3 million spent in 2014-15. This includes preventative and demand maintenance as well as non-capital repairs and upgrades and environmental remediation under the modernization and improvement program to maximize the useful life of our public housing assets. The increasing expenditures are partially due to a large demolition and environmental remediation project to make land available for future development.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2015-2016

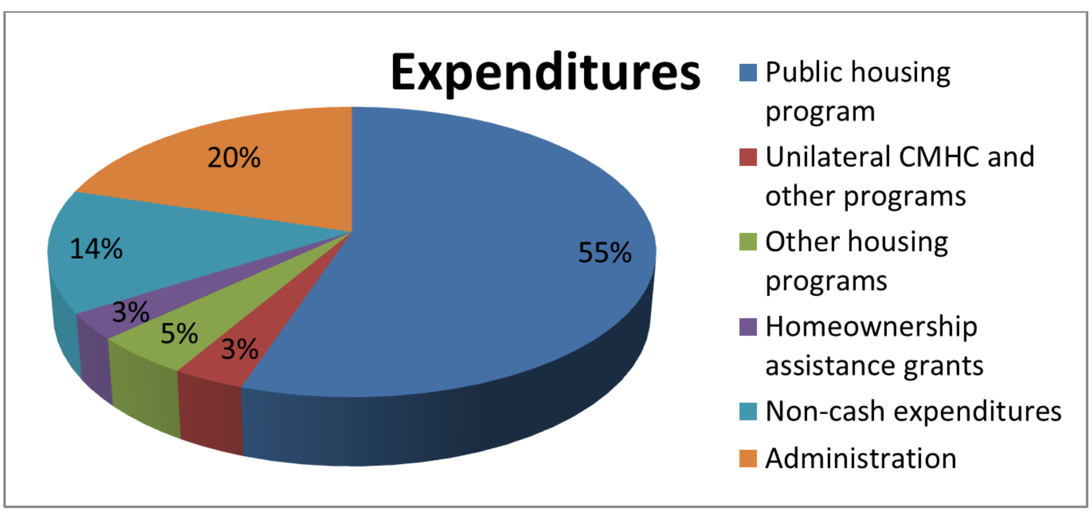
Expenditures on affordable housing programs (market housing and HELP housing programs) were $4.0 million in 2015-16, a 9% decrease of over the $4.5 million expended in 2014-15. The decrease was attributable to lower utility costs due to a reduction in the number of vacant leased units, and reduced repairs and maintenance expenses. The NWTHC also contributed $2.6 million to unilateral CMHC programs and other programs, an increase of 3% over the $2.5 million contributed in 2014 -15. The increase was related to increasing operational and maintenance costs of unilateral groups.

Homeownership assistance grants were $2.9 million in 2015-16, a decrease of 48% over the previous year amount of $5.6 million. This funding is used for the provision of homeownership grants & contributions to support increased homeownership units and improvements to existing homeownership units. Funding provided by the NWTHC is subject to the receipt of qualified applicants. Over the past several years there has been a large uptake into the program and the decrease in funding is partially attributable to large program delivery in previous years. During 2015-16 the NWTHC introduced a co-pay portion to access services under these programs which has also affected program utilization numbers.

The Corporation had losses of $.6 million in 2015-16 related to impairment of tangible capital assets, down from $1.6 million in the previous year. These losses are related to the write-down of asset values as a result of 1 property damaged by fire and 15 buildings to be disposed where estimated proceeds are lower than the net book value of the units.

The Corporation spent $19.8 million in Administrative, Program and Technical Services in 2015-16, representing the same level of expenditures as the previous year. Costs include administration support, program development and delivery, and technical support services that occurred at the District office and Headquarters. The largest component of administration expenses are salaries and benefits of $15 million ($14.7 million in 2014-15).

The acquisition or construction of new housing assets and the renovation of existing housing is funded by the GNWT, CMHC and own source revenues. These budgeted revenues are reflected on the operating statement net of amortization resulting in an overall budgeted operating surplus of $12.2 million. These surplus operating funds are utilized to support the delivery of the capital infrastructure acquisition plan.



Financial Position

The Corporation continues to maintain a solid financial position in 2015-16, with net financial resources of $44.1 million, a decrease of $7.4 million over the prior year. The requirement for the Corporation to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the $18.7 million third party loans that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has also provided loan guarantees to private sector companies and households in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was $3.3 million as at March 31, 2016.

The cash and cash equivalents balance of $21.8 million ($13.4 million at March 31, 2015) represents the March 31, 2016 balance in 23 LHO and Corporation bank accounts. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2016 $50.8 million ($65.2 million at March 31, 2015) was invested in portfolio investments with a weighted average rate of return of 2.2%. Excess cash resources will be used to fund investment in new tangible capital assets in the next few years.

Since 2012 the Corporation has been working with mortgage clients to restructure their loans. As a result of the success of this program on collections the Corporation reinstated $.8 million of mortgages and loans previously determined to be uncollectible. As a result of this reinstatement the mortgage and loans balance increased from $4.2 million at March 31, 2015 to $4.4 million at March 31, 2016.

Investment in Housing

As at March 31, 2016 the Corporation had $269.1 million of investments in land and buildings, representing the amortized book value of 2,564 owned public housing, homeownership rental and market rental units. During the year, an additional investment of $40.1 million was made in new properties and the major renovation of existing properties. There were 7 housing units, with a carrying value of $1.1 million, disposed of during the year through sale or demolition, 16 properties written down by $.6 million and $12.8 million of property costs were amortized during the year.

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017 Budget
Revenues						
GNWT	54.0	67.0	69.3	85.1	85.8	81.7
CMHC	19.6	18.6	17.5	17.4	17.3	33.7
Amortization of Deferred Capital	14.8	-	-	-	-	-
Other	12.8	12.1	16.8	15.1	12.6	12.0
Total Revenues	**101.2**	**97.7**	**103.6**	**117.6**	**115.7**	**127.4**
Expenses						
Public Housing Programs	47.0	52.7	52.7	52.7	54.0	51.6
Other Housing Programs	5.5	5.6	9.2	8.3	7.7	11.8
Homeownership Assistance Programs	7.9	7.1	5.2	5.6	2.9	6.5
Impairment/ Disposal Loss on TCAs	2.3	3.5	1.1	1.6	.6	-
Amortization	12.3	11.9	12.2	11.7	12.8	14.6
Administrative, Program and Technical Services	17.8	17.6	19.6	19.8	19.8	22.6
Total Expenses	**92.8**	**98.4**	**100**	**99.7**	**97.8**	**107.1**
Annual Surplus (Deficit)	8.3	(0.7)	3.6	17.9	17.9	20.3

Expenses

Public Housing Programs – In general, the costs to administer the Public Housing program continue to increase due primarily to inflationary pressures related to utility costs and salaries and benefits. There are also fluctuations from year to year dependent on the level of funding that is provided for minor repairs that are necessary to maintain the NWTHC owned housing assets.

Homeownership Assistance Programs – the funds available to provide as grants to homeowners (for the purchase repair of homeownership units), varies from year to year depending on the client demand for repair programs balanced against the requirement to maintain good quality NWTHC owned housing assets.

Annual Surplus (Deficit)

For fiscal years 2014-2015 and 2015-2016, the Corporation incurred substantial operating surpluses. This was due, in large part to an increase in funding from the GNWT for capital repair and replacement of the housing stock. The operating surplus is offset by capital expenditures of $27.0M and $40.1M respectively in those years.

Write-off of Corporate Debt

As referenced in Part IX, Public Agencies, Section 84 of the Financial Administration Act any asset, debt or obligation written-off during the financial year that exceeds $500 must be reported in the annual report of the public agency.

Under Section 82 of the Financial Administration Act, a public agency such as the NWTHC has the authority to write-off debts or obligations up to $20,000. Any write-off requests above $20,000 require the express authority of an Act through the Legislative Assembly. When debts are written off it does not mean these debts are forgiven and the NWTHC has an obligation to continue collection activities.

Approved write-offs for fiscal year 2015-2016:

Name	Community	Reason	Amount
Joe Abel	Lutsel K'e	Over 6 years, Statute of Limitations	843
Pauline Bonnetrouge	Fort Providence	Deceased	64
Louis Chocolate	Behchoko	Deceased	11,263
Billy Cholo	Fort Simpson	Deceased	221
Peter Cornielle	Fort Simpson	Deceased	1,899
Deh Cho Futures	Fort Simpson	Over 6 years, Statute of Limitations	13,736
Denesoline Corporation	Lutsel K'e	Over 6 years, Statute of Limitations	80
Johnny Dryneck	Behchoko	Deceased	12,794
Bruno Eyakfwo	Behchoko	Deceased	2,328
Corrine Eyakfwo	Behchoko	Deceased	9,774
Madeline Gargan & Mary Causa	Fort Providence	Deceased	305
John Grossette	Fort Simpson	Deceased	364
Marie Kenny Sr.	Deline	Deceased	105
Elizabeth Kodakin	Deline	Deceased	13,120
Allen Koe Sr.	Aklavik	Deceased	10
Janice Mandeville	Fort Simpson	Bankruptcy	18,805
Leonard McDonald	Norman Wells	Deceased	4,361
Marie Modeste	Deline	Deceased	9,639
Adrian Nataway	Lutsel K'e	Over 6 years, Statute of Limitations	614
Angela Prevost	Fort Simpson	Deceased	44
Louis Quitte	Behchoko	Deceased	416
John Baptiste Rabesca	Lutsel K'e	Deceased	980
Philip Rabesca	Behchoko	Deceased	1,017
Edwin Sabourin	Fort Providence	Uncollectible	133
Bruce Stewart	Aklavik	Deceased	455
William Tinqui	Behchoko	Deceased	662
Terry Vital	Gameti	Uncollectible	1,245
Pierre Washie & Melanie Washie	Behchoko	Deceased	59
Paul Wetrade	Gameti	Deceased	7,135
TOTAL			**112,471**

Appendix B:

Independent Auditor's Report and

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements and notes to the consolidated financial statements and schedules of Northwest Territories Housing Corporation 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 ensuring that the information contained in the annual report 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 for the purpose of expressing his opinion on the consolidated financial statements.

On behalf of Northwest Territories Housing Corporation

Jeff Anderson, CGA, CPA (VT, US)
President & CEO

For

Jim Martin, CGA
Vice President
Finance & Infrastructure Services

Yellowknife, Northwest Territories
August 23, 2016

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

Report on the Consolidated Financial Statements

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 2016, 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.

.../2

Canada Place, 9700 Jasper Avenue, Suite 1635, Edmonton, Alberta T5J 4C3
Place Canada, 9700 avenue Jasper, Bureau 1635, Edmonton (Alberta) T5J 4C3

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 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

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 the Northwest Territories Housing Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Housing 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 and the *Northwest Territories Housing Corporation Act* and regulations.

Guy LeGras, CPA, CA
Principal
for the Auditor General of Canada

23 August 2016
Edmonton, Canada

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position
As at March 31, 2016
(in thousands)

		2016		2015
Financial assets				
Cash (Note 3)	$	21,819	$	13,377
Portfolio investments (Note 4)		50,830		65,165
Accounts receivable (Note 5)		5,892		5,870
Mortgages and loans receivable (Note 6)		4,439		4,233
		82,980		88,645
Liabilities				
Accounts payable and accrued liabilities (Note 7)		23,840		20,601
Deferred revenue		95		41
Loans payable to Canada Mortgage and Housing Corporation (Note 8)		9,911		10,719
Obligations under capital leases (Note 9)		53		281
Environmental liabilities (Note 10)		683		301
Retirement and post-employment benefits (Note 11)		4,308		5,201
		38,890		37,144
Net financial assets	$	44,090	$	51,501
Non-financial assets				
Tangible capital assets (Schedule A)		269,064		243,507
Inventories held for use		2,843		2,992
Prepaid expenses		34		104
		271,941		246,603
Accumulated surplus	$	316,031	$	298,104

Contractual obligations and contingencies (Notes 17 and 18)

Approved:

Caroline Cochrane
Caroline Cochrane
Minister Responsible for the
Northwest Territories Housing Corporation

Jeff Anderson, CGA, CPA (VT - US)
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, 2016
(in thousands)

	2016 Budget	2016 Actual	2015 Actual
Net financial assets, beginning of the year	$ 51,501	$ 51,501	$ 46,084
Items affecting net financial assets:			
Annual surplus	12,171	17,927	17,907
Acquisition of tangible capital assets	(35,850)	(40,103)	(27,001)
Amortization of tangible capital assets	14,404	12,840	11,700
Disposal of tangible capital assets	-	1,144	1,874
Write-downs of tangible capital assets	-	561	1,432
Acquisition of inventories held for use	-	(1,475)	(1,611)
Consumption of inventories held for use	-	1,625	1,060
Acquisition of prepaid expenses	-	(34)	(68)
Use of prepaid expenses	-	104	124
Increase (decrease) in net financial assets	(9,275)	(7,411)	5,417
Net financial assets, end of year	$ 42,226	$ 44,090	$ 51,501

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, 2016
(in thousands)

	2016 Budget	2016 Actual	2015 Actual
Revenues			
Government funding:			
Government of the Northwest Territories	$ 85,368	$ 85,770	$ 85,116
Canada Mortgage and Housing Corporation (Note 12)	17,314	17,345	17,388
	102,682	103,115	102,504
Generated revenues:			
Rental revenue	8,938	9,596	10,221
Recoveries from mortgages and loans (Note 6)	445	1,174	2,186
Income from portfolio investments	811	1,291	1,788
Gain on disposal of tangible capital assets	1,400	53	-
Other revenue and recoveries	19	375	733
Interest revenue on mortgages and loans	120	115	153
	11,733	12,604	15,081
	114,415	115,719	117,585
Expenses			
Public housing program (Note 13)	53,625	53,958	52,690
Unilateral CMHC programs and other programs	2,520	2,609	2,542
Affordable housing (Note 14)	3,065	4,049	4,453
Non-residential building operations (Note 15)	392	413	450
Rent subsidy program	900	328	411
Homelessness fund program	855	339	387
Homeownership assistance grants	6,952	2,908	5,595
Rental housing rural and remote	783	-	-
Amortization	14,404	12,840	11,700
Loss on disposal of tangible capital assets	-	-	195
Write-downs of tangible capital assets	-	561	1,432
Administration (Note 16)	18,748	19,787	19,823
	102,244	97,792	99,678
Annual surplus	$ 12,171	$ 17,927	$ 17,907
Accumulated surplus, beginning of year	298,104	298,104	280,197
Accumulated surplus, end of year	$ 310,275	$ 316,031	$ 298,104

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, 2016
(in thousands)

	2016	2015
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$ 85,889	$ 84,870
Canada Mortgage and Housing Corporation	17,351	17,397
Rental revenue	9,841	10,977
Investment revenue	1,077	821
Miscellaneous revenue and recoveries	130	2,169
	114,288	116,234
Cash paid for:		
Payments to and on behalf of employees	(29,172)	(27,468)
Payments to suppliers	(51,026)	(56,583)
Payments to individuals	(667)	(659)
Payments for interest	(648)	(708)
	(81,513)	(85,418)
Cash provided by operating transactions	32,775	30,816
Capital transactions		
Acquisition of tangible capital assets	(39,766)	(21,563)
Proceeds on disposal of tangible capital assets	1,198	1,679
Cash used in capital transactions	(38,568)	(19,884)
Financing transactions		
Repayment of long-term debt and capital leases	(1,036)	(1,695)
Cash used in financing transactions	(1,036)	(1,695)
Investing transactions		
Redemption of portfolio investments	76,751	68,638
Purchases of portfolio investments	(62,399)	(79,143)
Mortgage payments received	919	889
Cash provided by (used in) investing transactions	15,271	(9,616)
Increase (decrease) in cash	(8,442)	(379)
Cash, beginning of year	13,377	13,756
Cash, end of year	$ 21,819	$ 13,377

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

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, Part IX of 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, and contingencies.

Reporting entity

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Aklavik Housing Association
Bechokö Kö Gha K'àodèe
Deline Housing Association
Fort McPherson Housing Association
Fort Providence Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Gameti Housing Authority
Hay River Housing Authority
Inuvik Housing Authority
Lutsel K'e Housing Authority
Norman Wells Housing Authority
Paulatuk Housing Association
Radilih Koe Housing Association
Sachs Harbour Housing Association
Tsiigehtchic Housing Association
Tuktoyaktuk Housing Association
Tulita Housing Association
Ulukhaktok Housing Association
Whati Housing Authority
Yellowknife Housing Authority

The following two LHOs: Yellowknife Dene First Nation (Housing Division) and the Hamlet of Fort Liard, have been excluded from the reporting entity since they are considered to be parts of separate levels 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.

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.

Funding provided by the Government and CMHC is recognized as government funding in the fiscal year when authorized by the transferring government, except to the extent that any such funding gives rise to an obligation that meets the definition of a liability. Funding which gives rise to a liability is recognized as revenue as the liability is settled.

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

Contributions for public and affordable housing

The Corporation provides contributions to the LHOs for their administration of the public 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.

Contributions for unilateral CMHC 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 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 with payments in arrears between one and six months. A partial allowance is recorded on these mortgages based on the average collection rate on similar type mortgages.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable (continued)

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and 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.

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.

Public and affordable housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. 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	

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets (continued)

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 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. 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) 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.

Bechokö Kö Gha K'àodèe	Fort Smith Housing Authority
Deline Housing Association	Inuvik Housing Authority
Fort McPherson Housing Association	Lutsel K'e Housing Authority
Fort Resolution Housing Authority	Radilih Koe' Housing Association
Fort Simpson Housing Authority	Yellowknife Housing Authority

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

c) 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. Also, employees earn other benefits including maternity and parental leave and non-vesting accumulating sick leave benefits. The cost of these benefits are determined using management's best estimate and are recognized as employees render service.

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. The Corporation does not recognize any amounts related to these services.

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 $1,978 (2015 - $1,919) which are also included in accounts payable and accrued liabilities (Note 8). Also included in cash is reserve funds of $854 (2015 - $0) designated by management to settle mortgage principal where the underlying asset has been disposed. It is anticipated that these funds will be expended in December 2018.

(all figures in thousands)

4. PORTFOLIO INVESTMENTS

Issuer	2016 Stated interest rate	2016 Remaining term	2016 Carrying amount	2015 Carrying amount
Fixed income investments:				
Bankers acceptances, fixed rate	1.2% to 4.63%	37 to 269 days	$ 39,234	$ 34,923
Bankers acceptances, fixed rate	1.65% to 2.65%	6 to 9 years	9,434	-
Provincial governments, fixed rate	1.54%	4 years	-	8,399
Ontario Hydro Strip Bonds, fixed rate	1.54%	4 years	907	19,155
Ontario Hydro Zero Coupon Bonds, fixed rate	1.96%	6 years	1,255	2,688
			$ 50,830	$ 65,165

The weighted average effective yield of this portfolio in 2016 was 2.20% (2015 – 1.76%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of 90 days to one year.

5. ACCOUNTS RECEIVABLE

	2016	2015
Trade accounts receivable	$ 2,902	$ 2,376
Tenant rents receivable	13,819	14,744
	16,721	17,120
Less allowance for doubtful accounts	(13,026)	(13,625)
	3,695	3,495
Receivables from CMHC	2,110	2,116
Receivables from related parties:		
Government of the Northwest Territories	87	259
Net Accounts Receivable	$ 5,892	$ 5,870

(all figures in thousands)

6. MORTGAGES AND LOANS RECEIVABLE

a) Mortgage and loans receivable

	2016	2015
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3%, secured, with a term of 10 years.	$ 544	$ 405
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.	320	677
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.	3,919	3,698
Restructured mortgages, repayable in monthly installments at interest rates of 3%, secured by registered charges against real property, with a term over a maximum of 25 years.	1,690	1,866
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.	8,268	8,009
Mortgages and loans receivable	14,741	14,655
Less allowance for impaired mortgages and loans	(10,302)	(10,422)
Net mortgages and loans receivable	$ 4,439	$ 4,233

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is $1,224 (2015 - $1,093) There were no write-offs in the current year (2015 - 8).

b) 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 $2,908 (2015 - $5,595), which are expensed on the consolidated statement of operations and accumulated surplus.

c) Net recoveries on mortgages and loans receivable and conditional grants

	2016	2015
Recoveries on impaired mortgages and loans	$ 386	$ 208
Adjustment to allowance for impaired mortgages and loans	405	1,636
Recoveries from conditional grants	383	387
	$ 1,174	$ 2,231

(all figures in thousands)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	$ 13,973	$ 11,673
Contractors holdbacks	3,015	2,503
Tender and security deposits	438	88
Wages and employee benefits	851	711
Accrued interest	133	153
Damage deposits	2,055	1,831
Loan guarantee obligation	97	81
Prepaid rent	55	57
Payables to related parties:		
Government of the Northwest Territories	3,223	3,504
	$ 23,840	$ 20,601

8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2016			2015
	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 2017 to 2038, at interest rates from 5.94% to 19.00% (2015 - 5.94% to 19.00%).	$ 24,008	$ (24,008)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2015 - 6.97%). These loans are guaranteed by the Government.	15,758	(8,754)	7,004	7,576
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% (2015 - 2.78% to 3.68%).	2,907	-	2,907	3,143
	$ 42,673	$ (32,762)	$ 9,911	$ 10,719

(all figures in thousands)

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

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 $3,687 (2015 - $3,794) and would have made additional principal long-term debt repayments to CMHC of $1,349 (2015 - $1,268).

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

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

	Principal	Interest	Total
2017	$ 847	$ 582	$ 1,429
2018	807	532	1,339
2019	1,801	475	2,276
2020	598	406	1,004
2021	585	370	955
2022 - 2026	3,388	1,270	4,658
2027 - 2038	1,885	336	2,221
	$ 9,911	$ 3,971	$ 13,882

9. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to annual payments for 1 (2015 - two) lease agreement for affordable housing units. This lease agreement is based on an implicit interest rate of 7% with an expiry date in 2017. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Executory costs	Imputed interest	Lease obligation	Future minimum lease payments
2017	$ -	$ 1	$ 52	$ 53

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, 2016 is $662 and $589 respectively (2015 - $2,875 and $2,583 respectively).

10. ENVIRONMENTAL LIABILITIES

The Corporation has identified eight sites (seven fuel spills and one other contaminated site) (2015 – six) for which an environmental liability has been recorded. The liability is calculated as estimated costs remaining to remediate the spills to the required environmental standard. The spills are expected to be remediated within the next twelve months subsequent to year end. The estimated amount of recoveries is nil (2015 – nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. RETIREMENT AND POST-EMPLOYMENT 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 1.11 times (2015 – 1.28) the employee's contribution; and for employment start dates before December 31, 2012, the Corporation's contribution rate effective at year-end was 1.15 times (2015 – 1.28) the employee's contribution. The Corporation's and employee's contributions for the year were $1,031 and $1,346 respectively (2015 - $1,443 and $830 respectively). Total contributions of $1,031 (2015 - $1,443) 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. 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.

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.

Post-employment 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. 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.

(all figures in thousands)

11. RETIREMENT AND POST-EMPLOYMENT BENEFITS (continued)

Post-employment 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.

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

	2016	2015
Accrued benefit obligation, beginning of year	$ 5,201	$ 5,195
Costs for the year	1,004	1,898
Benefits paid during the year	(1,897)	(1,892)
Accrued benefit obligation, end of year	$ 4,308	$ 5,201

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% (2015 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were $481 and $481 respectively (2015 - $459 and $459 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, 2015 the plan had a surplus $24,873 (December 31, 2014 - $15,474).

(all figures in thousands)

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2016	2015
Funding received from CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	$ 10,100	$ 10,127
Contributions to non-profit housing sponsor groups and cooperatives	3,919	3,918
Repairs, maintenance and other costs	1,456	1,468
Agreement for Investment in Affordable Housing	1,840	1,840
Agreement for Energy Construction Monitoring	30	35
	$ 17,345	$ 17,388

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 specific housing programs: CARE, PATH, HELP and Shelter Enhancement, capital improvements and leased rental units. 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 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.

13. PUBLIC HOUSING PROGRAM

	2016	2015
Utilities, taxes and land leases	$ 25,704	$ 26,368
Repairs, maintenance and other costs	10,577	9,304
Salaries and benefits	11,577	11,196
Administration	903	1,147
Contribution for public housing	922	1,087
Rental housing lease	3,647	2,890
Interest on long-term debt	628	698
	$ 53,958	$ 52,690

(all figures in thousands)

14. AFFORDABLE HOUSING

	2016	2015
Utilities, taxes and land leases	$ 952	$ 986
Repairs, maintenance and other costs	742	1,495
Salaries and benefits	1,822	1,585
Administration	143	162
Rental housing lease	50	57
Contribution for affordable housing	340	168
	$ 4,049	$ 4,453

15. NON-RESIDENTIAL BUILDING OPERATIONS

	2016	2015
Utilities, taxes and land leases	$ 274	$ 206
Repairs, maintenance and other costs	40	88
Contributions	60	68
Non-Residential lease costs	39	88
	$ 413	$ 450

16. ADMINISTRATION

	2016	2015
Salaries and benefits	$ 15,020	$ 14,727
Building and equipment rentals	2,340	2,211
Travel and relocation	589	664
Administration	454	652
Professional and special services	451	533
Computer services	441	474
Materials and supplies	235	240
Communications	222	248
Workshops and studies	35	74
	$ 19,787	$ 19,823

(all figures in thousands)

17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2017 contractual obligations are construction commitments of $13,158 (2015 - $19,353).

		Total
2017	$	17,575
2018		3,870
2019		3,176
2020		2,611
2021		1,196
After		10,806
Total	$	39,234

18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of $30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2016 a total of twenty-two (2015 – twenty-five) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $3,260 (2015 - $3,592). Four (2015 - four) of these loans guaranteed with a total outstanding balance of $2,239 (2015 - $2,461) 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, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2016 was $18,666 (2015 - $20,550). The period covered by these third party 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, 2016 is $97 (2015 - $81) for one personal loan and is recognized under accounts payable and accrued liabilities.

(all figures in thousands)

19. EXPENSES BY OBJECT

		2016		2015
Amortization	$	12,841	$	11,700
Compensation and benefits		36,418		34,673
Computer hardware and software		138		166
Contract services		7,884		5,163
Controllable assets		45		57
Fees and payments		569		562
Grants, contributions and transfers		4,395		4,537
Housing debt repayment		622		674
Housing operating and maintenance		30,229		36,365
Materials and supplies		2,327		2,056
Other expenses		306		565
Purchased services		717		789
Travel		707		714
Valuation allowances		594		1,657
	$	97,792	$	99,678

20. 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, obligations under capital lease 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	$	23,840	$	-	$	-	$	-	$	23,840
Loans payable to CMHC		121		726		3,791		5,273		9,911
Obligations under capital lease		36		17		-		-		53
Total	$	23,997	$	743	$	3,791	$	5,273	$	33,804

(all figures in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

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

Portfolio investments

Credit risk on portfolio investments arises from the possibility that the counterparty 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 $64,397 (2015 - $65,165).

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 when necessary. The maximum exposure to credit risk is $5,892 (2015 - $5,870).

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 $4,439 (2015 - $4,233).

As at March 31, 2016, $2,554 (2015 - $2,407) of the impaired 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, 2016, the following financial assets were past due but not impaired:

Financial assets	**30 days**	**60 days**	**90 + days**
Tenants rent receivable	$ 245	$ 69	$ 1,015
Trade accounts receivable	230	16	304
Mortgages and loans receivable	-	-	185

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.

(all figures in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

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

Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Carrying value 2016	Carrying value 2015
Portfolio investments	$ 39,234	$ -	$ 907	$ 10,689	$ -	$ 50,830	$ 65,165

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.

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2016		2015	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Portfolio investments	$ 50,830	$ 50,193	$ 65,165	$ 65,579
Loans payable to CMHC	7,004	8,716	7,576	9,705
Mortgages payable to CMHC	2,907	2,942	3,143	3,303
Obligations under capital lease	53	53	281	281

The fair value of the portfolio investments is 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 and loans receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

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

22. 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. Except for services provided without charge, 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.

23. COMPARATIVE FIGURES

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

24. 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, 2016
(all figures in thousands)

	Cost					Accumulated amortization				Net book value	
	Opening balance	**Acquisitions**	**Disposals/ transfers ***	**Write-down**	**Closing balance**	**Opening balance**	**Amortization**	**Disposals**	**Closing balance**	**2016**	**2015**
Land	6,683	879	-	-	7,562	-	-	-	-	7,562	6,683
Public housing	299,893	21,061	(3,704)	(561)	316,689	140,422	8,814	(3,470)	145,766	170,923	159,471
Affordable housing	64,851	7,747	(61)	-	72,537	18,763	2,743	(30)	21,476	51,061	46,088
Non-residential properties	7,691	789	(2,072)	-	6,408	3,932	478	(1,192)	3,218	3,190	3,759
Construction in progress	18,845	40,103	(31,298)	-	27,650	-	-	-	-	27,650	18,845
Sub-total	397,963	70,579	(37,135)	(561)	430,846	163,117	12,035	(4,692)	170,460	260,386	234,846
Property and equipment:											
Warehouses and offices	12,423	237	-	-	12,660	5,115	433	-	5,548	7,112	7,308
Office furniture and equipment	5,511	86	-	-	5,597	5,032	110	-	5,142	455	479
Mobile equipment	2,082	456	-	-	2,538	1,300	247	-	1,547	991	782
Software	114	-	-	-	114	22	11	-	33	81	92
Leasehold Improvements	728	43	-	-	771	728	4	-	732	39	-
Sub-total	20,858	822	-	-	21,680	12,197	805	-	13,002	8,678	8,661
Total	418,821	71,401	(37,135)	(561)	452,526	175,314	12,840	(4,692)	183,462	269,064	243,507

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule A

Consolidated Schedule of Tangible Capital Assets
March 31, 2016
(all figures in thousands)

*This presentation includes $31,298 of transfers to acquisitions and $5,837 of dispositions during the fiscal 2015 – 2016 year.

NORTHWEST TERRITORIES
HOUSING CORPORATION

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2016

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2016 **Page**

Crowe MacKay

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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, 2016, 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.

Crowe MacKay

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, 2016 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*.

Crowe MacKay LLP

Yellowknife, Northwest Territories
August 3, 2016

Chartered Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,		2016		2015
Revenue				
Government of the Northwest Territories ("GNWT")				
- Operating grant	$	250,000	$	370,000
- Expense reimbursement (Note 4)		(32,239)		(63,682)
- Refunded to GNWT		(29,000)		(20,000)
		188,761		286,318
Expenses				
Accounting		6,760		6,760
Advertising and promotion		16,179		24,901
Bank charges		25		25
Benefits and pension		1,805		1,968
Catering		2,515		4,538
Contracts - administration		-		101,790
Events		6,528		29,886
Honorarium - commission chair		21,688		23,644
Honorarium - commission members		27,224		38,187
Legal expenses		69,979		28,487
Membership fees		2,200		2,242
Office supplies		700		-
Postal and courier		-		97
Printing		6,436		2,773
Professional development		490		-
Telephone		43		268
Travel - commission members		-		220
Travel - staff		-		250
Website		-		639
		162,572		266,675
Excess revenue	**$**	**26,189**	$	19,643

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,		2016	2015
	General Fund	Total	Total
Balance, beginning of year	$ 124,735	**$ 124,735**	$ 105,092
Excess revenue	26,189	**26,189**	19,643
Balance, end of year	$ 150,924	**$ 150,924**	$ 124,735

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31,		**2016**		2015
Assets				
Current				
Cash	$	157,219	$	147,509
Due from GNWT - Legislative Assembly (Note 4)		2,911		6,348
Prepaid expenses		899		950
	$	**161,029**	$	154,807
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**10,105**	$	30,072
Net Assets				
General Fund		**150,924**		124,735
	$	**161,029**	$	154,807

Approved on behalf of NWT Human Rights Commission

C. Dut

_________________ Commission Chair

_________________ Commission Member

Northwest Territories Human Rights Commission

Statement of Cash Flows

For the year ended March 31,		2016		2015
Cash provided by (used in)				
Operating activities				
Excess revenue	$	26,189	$	19,643
Change in non-cash operating working capital				
Due from GNWT - Legislative Assembly		3,437		12,465
Prepaid expenses		51		(14)
Accounts payable and accrued liabilities		(19,967)		19,728
Change in cash		9,710		51,822
Cash, opening		147,509		95,687
Cash, closing	$	157,219	$	147,509

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 impartment 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.

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.

3. 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.

4. 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, $35,150 of the $250,000 funding was given to the GNWT for travel. The GNWT spent $32,239 on behalf of the Commission and $2,911 is shown as a receivable.

5784 - Travel Commision Chair
5785 - Travel Commision Member
5786 - Travel Staff Member
5893 - Registration - Commision Chair
5892 - Registration - Commision Member
5615 - Advertising
5700 - Office supplies
5789 - Event expense

	Account 5784	Account 5785	Account 5786	Account 5893	Account 5892	Account 5615	Account 5700	Account 5789	TOTAL 2016	TOTAL 2015
Administration	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$	$ 608
HRC In Person Meetings	-	4,352	-	-	-	-	-	-	4,352	4,448
CASHRA	3,146	7,417	-	700	2,646	-	-	-	13,909	14,389
Community Visits	3,743	7,324	2,911	-	-	-	-	-	13,978	14,451
Community Events	-	-	-	-	-	-	-	-		24,514
Community Initiatives	-	-	-	-	-	-	-	-		915
Comprehensive Review	-	-	-	-	-	-	-	-		4,357
Total	$ 6,889	$ 19,093	$ 2,911	$ 700	$ 2,646	$ -	$ -	$ -	$ 32,239	$ 63,682

5. Financial Instruments

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

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its, cash and due from the GNWT - Legislative Assembly.

The Commission holds its cash with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. 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 $160,130 (2015 - $153,857).

5. Financial Instruments (continued)

(a) Credit risk (continued)

Concentration of credit risk

The Commission does have concentration risk. At March 31, 2016, receivables from one government agency comprised 100% of the total outstanding accounts receivables. The Commission reduces this risk by monitoring overdue balances.

The Commission also has concentration risk of credit risk as deposits are held in one Canadian chartered bank.

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016

NORTHWEST TERRITORIES
HYDRO
CORPORATION
Power for Generations

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

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the 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 2016, 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 2016, 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

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 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.

Guy LeGras, CPA, CA
Principal
for the Auditor General of Canada

24 August 2016
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.

Emanuel DaRosa	**Belinda Whitford**
President & Chief Executive Officer	Chief Financial Officer

Hay River, NT
August 24, 2016

NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2016	2015
Financial assets		
Cash	$ 1,236	$ 2,333
Revenues receivable (Note 3)	14,559	12,999
Loan receivable (Note 4)	15,306	16,134
Sinking fund investments (Note 5)	7,988	7,194
Investment in Aadrii Ltd. (Note 6)	393	656
	39,482	**39,316**
Liabilities		
Accounts payable and accrued liabilities	19,457	22,219
Capital lease obligations (Note 4)	18,568	20,670
Debenture debt (Note 5)	181,818	184,326
Operating line of credit (Note 7)	32,600	18,115
Asset retirement obligations and environmental liabilities (Note 8)	17,674	18,553
Other employee future benefits (Note 9)	3,056	3,248
Deferred government contributions (Note 10)	2,702	5,781
	275,875	**272,912**
Net debt	**$ (236,393)**	**$ (233,596)**
Non-financial assets		
Tangible capital assets (Note 11)	349,526	340,456
Inventories (Note 12)	8,981	9,142
Prepaid expenses	1,056	854
	359,563	**350,452**
Accumulated surplus / equity (Note 13)	**$ 123,170**	**$ 116,856**

Contractual obligations and contingencies (Note 21)

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

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31
(in thousands of dollars)

	2016 Budget	2016 Actual	2015 Actual
Revenues			
Sale of power (Note 14)	$ 101,687	$ 99,783	$ 96,333
Other revenue and customer contributions (Note 15)	2,177	2,511	2,160
Fuel rider revenues (Note 1)	1,629	1,711	2,996
Interest income (Note 17)	1,539	1,616	1,677
Insurance proceeds	-	1,278	-
(Loss) Income from investment in Aadrii Ltd. (Note 6)	-	(39)	45
	107,032	**106,860**	**103,211**
Expenses (Note 16)			
Thermal generation	77,497	76,942	76,208
Hydro generation	18,015	18,531	17,856
Corporate services	17,503	17,155	17,560
Transmission, distribution and retail	11,255	10,059	10,155
Purchased power	2,444	2,263	3,462
Alternative power generation	308	336	332
	127,022	**125,286**	**125,573**
Deficit for the year before government contributions	**(19,990)**	**(18,426)**	**(22,362)**
Government contributions			
GNWT extreme low water contributions (Note 10)	19,565	23,008	14,219
Other government contributions (Note 18)	762	1,732	2,228
GNWT power sales contributions (Note 19)	-	-	2,800
	20,327	**24,740**	**19,247**
Surplus (deficit) for the year before adjustment for NTPC PSAS conversion	**$ 337**	**$ 6,314**	**$ (3,115)**
Adjustment resulting from NTPC conversion to PSAS, beginning of year	-	-	4,141
Surplus for the year	**$ 337**	**$ 6,314**	**$ 1,026**
Accumulated surplus / equity, beginning of year	116,856	116,856	115,830
Accumulated surplus / equity, end of year	**$ 117,193**	**$ 123,170**	**$ 116,856**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2016 Budget	2016 Actual	2015 Actual
Surplus for the year	$ 337	$ 6,314	$ 1,026
Tangible capital assets			
Additions	(27,899)	(27,155)	(18,320)
Capitalized overhead	(4,175)	(3,790)	(3,575)
Capitalized interest (Note 17)	(476)	(745)	(446)
Disposals	-	6,466	258
Amortization (Note 11)	16,796	16,155	15,439
	(15,754)	**(9,069)**	**(6,644)**
Additions of inventories	(5,191)	(7,272)	(6,456)
Use of inventories	4,747	7,431	6,314
Additions to prepaids	(1,700)	(1,759)	(2,057)
Use of prepaids	1,600	1,558	2,255
	(544)	**(42)**	**56**
Increase in net debt for the year	**(15,961)**	**(2,797)**	**(5,562)**
Net (debt) financial assets, beginning of year	(233,596)	(233,596)	113,382
Adjustment to net financial assets upon consolidation of NTPC, beginning of year	-	-	(341,416)
Adjusted net debt, beginning of year	**(233,596)**	**(233,596)**	**(228,034)**
Net debt, end of year	**$ (249,557)**	**$ (236,393)**	**$ (233,596)**

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)

	2016	2015
Cash provided by (used in) operating activities		
Cash receipts from customers	$ 103,887	$ 101,175
Government contributions received	21,447	25,477
Cash paid to suppliers	(71,331)	(62,208)
Cash paid to employees	(26,690)	(26,941)
Interest paid (Note 4)	(11,310)	(11,508)
Interest received (Note 4)	104	89
	16,107	**26,084**
Cash provided by (used in) investing activities		
Loan receivable receipts (Note 4)	128	84
Sinking fund investment purchases	(794)	(681)
Return of capital from Aadrii Ltd.	225	-
	(441)	**(597)**
Cash provided by (used in) capital activities		
Acquisition and development of tangible capital assets	(28,824)	(21,662)
Proceeds on sale of tangible capital assets	162	7
	(28,662)	**(21,655)**
Cash provided by (used in) financing activities		
Net proceeds from operating line of credit	14,485	227
Repayment of debenture debt	(2,552)	(2,421)
Repayment of capital lease obligations (Note 4)	(34)	(444)
Repayments to related parties	-	(18)
	11,899	**(2,656)**
(Decrease) increase in cash	**$ (1,097)**	**$ 1,176**
Cash, beginning of year	$ 2,333	$ 475
Adjustment to cash upon consolidation of NTPC, beginning of year	-	682
Adjusted cash, beginning of year	**2,333**	**1,157**
Cash, end of year	**$ 1,236**	**$ 2,333**

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 13).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, 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 (Note 6).

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NTEC(03)). NTEC(03) was inactive in fiscal 2016 as the operations were transferred to the GNWT's Public Works and Services (PWS) effective April 1, 2015 (Note 20).

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 fiscal 2013 and fiscal 2014 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.

Decision 8-2015 issued by the PUB on March 12, 2015 was the final Decision related to the phasing in of the 2013/14 revenue requirement. The Decision approved a 6.2% increase in base energy rates effective April 1, 2015 for fiscal 2016.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

In Decision 16-2010, the PUB approved the establishment of the Territory-wide Rate Stabilization Fund (RSF) for NTPC in order to flow through to customers, subject to a $2,500 threshold, variances in fuel prices and purchased power prices relative to the GRA forecast, and to flow through fuel mix variances in dual fuel communities, pursuant to the Electricity Rate Policy Guidelines issued by the Minister Responsible for the PUB. In April 2014, under NTPC's RSF, 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.

Note 23 provides additional information on NTPC's interim rate filing, GRA filing and refund rider filing with the PUB in fiscal 2017.

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 and was classified as a GBE. Over the past few years, in order to mitigate rate increases to customers, the GNWT has provided larger increases in subsidization to customers through rates by providing direct contributions to NTPC to apply against those rate increases. 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.

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, 2016.

a) Basis of consolidation

The consolidated financial statements of NT Hydro consist of the consolidation of the accounts of the 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. (Note 6) is accounted for using the modified equity method using NWTEC's 50% share of Aadrii Ltd. to record its investment, the 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 boards of consolidated entities and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

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.

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, excluding receivables, 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.

($000's)

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 fiscal 2016 was 5.676% (2015 – 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

The cost, less residual value, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis.

Annual amortization rates are as follows:

	%
Electric power plants	1.00 – 6.63
Transmission and distribution systems	1.54 – 5.00
Electric power plant under capital lease	1.33 – 1.54
Warehouse, equipment, motor vehicles and general facilities	1.00 – 12.83
LNG and other equipment under capital lease	20.0

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan ("the Plan"), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

i) Other employee future benefits

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

i) Severance and ultimate removal benefits

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

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate but do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

Note 2. Significant accounting policies (continued)

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 AROs for certain hydro, thermal, transmission and distribution assets 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.

m) Revenues

Revenues for the sale of power and fuel rider revenues are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel rider revenues include accruals for electricity sales not yet billed.

Interest, contract, contribution and other revenues are recognized on the accrual basis.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingencies

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

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

p) Non-financial assets

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

3. Revenues receivable

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

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Revenues receivable (continued)

At March 31, 2015, the aging of revenues receivable was as follows:

	2015			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 10,336	$ 691	$ 325	$ 11,352
Non-utility	494	-	1,665	2,159
Allowance for doubtful accounts	-	-	(512)	(512)
	$ 10,830	$ 691	$ 1,478	$ 12,999

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

	2016	2015
Balance, beginning of the year	$ (512)	$ (793)
Receivables written off	89	193
Decrease (increase) to allowance	105	88
Balance, end of the year	$ (318)	$ (512)

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, 2016, 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 22.

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 on a net basis on the statement of cash flows.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 4. Loan receivable and capital lease obligations (continued)

Capital lease obligations

Snare Plant

NTPC has an initial 65-year lease from the DPC for the Snare Plant 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 Plant is included in electric power plant under capital lease (Note 11).

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.

LNG Capital Lease Obligation

On April 1, 2015, NTEC(03) transferred its lease obligation related to a liquefied natural gas (LNG) facility in Invuik to the GNWT. The net present value of the lease obligation transferred was $1,883.

The present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

	Snare Plant	Colville Lake Office	Total
2017	$ 2,167	$ 48	$ 2,215
2018	2,121	48	2,169
2019	2,073	48	2,121
2020	2,024	48	2,072
2021	1,974	8	1,982
Thereafter	46,445	-	46,445
	56,804	200	57,004
Less: amounts representing imputed interest	(38,422)	(14)	(38,436)
Total capital lease obligations	**$ 18,382**	**$ 186**	**$ 18,568**

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 22.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

5. Debenture debt and related sinking fund investments

	2016	2015
5.16% amortizing debenture, due September 13, 2040	$ 46,545	$ 47,476
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	11,333	12,000
6.33% sinking fund debentures, due October 27, 2018	10,000	10,000
8.41% sinking fund debentures, due February 27, 2026	8,700	8,700
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of $73	5,883	6,206
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of $69	5,085	5,394
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of $70	5,002	5,323
	$ 182,548	$ 185,099
Less: Unamortized premium, discount and issuance costs	(730)	(773)
	$ 181,818	$ 184,326

The GNWT guarantees NT Hydro's debenture debt.

Principal repayments for the next five years are as follows:

2017	2018	2019	2020	2021	Thereafter	Total
$ 2,700	$ 2,857	$ 13,027	$ 3,210	$ 3,413	$157,341	$182,548

($000's)

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 for the redemption of debentures. The agreements require annual installments to retire debt at maturity. NT Hydro'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 NT Hydro's exposure and management of risk associated with sinking fund investments can be found in Note 22.

The weighted average effective rate of return for the year was 0.48% (2015 - 0.87%)

Estimated sinking fund investment requirements for future years are as follows:

2017	2018	2019	2020	2021	Thereafter	Total
$ 680	$ 680	$ 680	$ 290	$ 290	$ 1,450	$ 4,070

6. Investment in Aadrii Ltd.

Included in NT Hydro's consolidated financial statements, is NWTEC's 50% shared ownership and joint control of Aadrii Ltd., a residual heat project in Fort McPherson. The investment is accounted for as a government business partnership using the modified equity method. The accounting records of Aadrii Ltd. are based upon International Financial Reporting Standards.

Condensed financial information of Aadrii Ltd. is as follows

Statement of Operations – Years ending March 31	**2016**	**2015**
Heat revenues	$ 1	$ 208
Operating expenses including amortization	78	119
Net (loss) income	**$ (77)**	**$ 89**

Statement of Financial Position as at March 31	**2016**	**2015**
Current assets	$ 30	$ 526
Non-current assets	760	810
	$ 790	**$ 1,336**
Current liabilities	$ 5	$ 23
Shareholder's equity	785	1,313
	$ 790	**$ 1,336**

Statement of Cash Flows Years ending March 31	**2016**	**2015**
Cash flows provided by operating activities	$ 24	$ 146
Repayment to owners	$ (450)	$ -

During 2016, Aadrii's heat sales were minimal due to operational problems with the heating system and its primary customer. Normal operations are expected to continue in fiscal 2017.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

7. Operating line of credit

NT Hydro has a $50,000 (March 31, 2015 - $30,000) operating line of credit with its bank. The operating line of credit allows NT Hydro to borrow using Bankers' Acceptances or other advances directly against the line of credit.

The short term debt outstanding at March 31, 2016 had a weighted average 43 day term and a 1.72% (2015 – 1.85%) weighted average annual interest rate.

8. Asset retirement obligations and environmental liabilities

	2016	2015
Balance, beginning of year	$ 18,553	$ 15,106
Liabilities settled	(1,641)	(147)
Accretion expense	166	149
Valuation adjustment	515	3,057
Additions	81	388
	$ 17,674	$ 18,553

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 - $48,132 (2015 - $48,855)
- Expected timing of payments of the cash flows – asset removal and/or site remediation is expected to occur between 1 and 74 years with the majority occurring after 2040.
- The discount rate is the cost of borrowing rate of 2.47% (2015 – 2.33%) for those obligations to be settled in less than 10 years and 3.5% (2015 – 3.17%) 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 - 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 (NT Hydro's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

($000's)

9. Other employee future benefits

a) Public Service Pension Plan:

The employees of NT Hydro participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.15 times (2015 – 1.28) the employees' contributions for employees who started prior to January 2013 and 1.1 times (2015 – 1.28) the employees' contributions for all other employees. Employer contributions of $2,697 (2015 - $2,810) were recognized as an expense in the current year. The employees contribution to this plan were $1,850 (2015 - $1,743).

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.

b) Other employee future benefits:

Summary of other employee future benefit liabilities:

	2016			2015		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Accrued benefit obligation, beginning of the year	$ 3,066	$ 182	$ 3,248	$ 3,420	$ 175	$ 3,595
Current period benefit cost	454	(59)	395	33	106	139
Benefits paid during the year	(508)	(79)	(587)	(387)	(99)	(486)
Accrued benefit obligation, end of the year	$ 3,012	$ 44	$ 3,056	$ 3,066	$ 182	$ 3,248

An actuarial valuation for accounting purposes was prepared at March 31, 2015 using the projected benefits method prorated on services and the results were extrapolated to March 31, 2016. The next valuation will be conducted as of March 31, 2018.

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.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 9. Other employee future benefits (continued)

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

	2016	2015
Current benefits earned	$ 313	$ 64
Interest	73	75
Amortization of net actuarial loss	9	-
	$ 395	$ 139

Expected future benefit payments are as follows:

2017	2018	2019	2020	2021	Thereafter	Total
$ 439	$ 349	$ 426	$ 379	$ 416	$ 1,406	$ 3,415

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

	2016	2015
Expected inflation rates	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	2.33%	2.33%
Expected average remaining service life of related employee groups (EARSL)	8.6 years	9.3 years

10. Deferred government contributions

In fiscal 2015, NT Hydro signed a contribution agreement with the GNWT to fund an expected $20,000 in diesel fuel and lubricant costs and salaries related to additional operating time resulting from extreme low water on NTPC's hydro systems incurred between April 1, 2014 and December 31, 2015. NTPC received the $20,000 from the GNWT in fiscal 2015.

On October 15, 2015 NT Hydro and the GNWT signed a contribution agreement in the amount of $27,864 to cover the additional operating expenses expected to be incurred by NTPC in fiscals 2016 and 2017 due to continued extreme low water conditions including diesel fuel and lubricant costs, salaries, overhauls and expense related to the failure of a hydro unit at the Snare Falls Hydro Plant in fiscal 2015 not first recoverable through insurance proceeds. The agreement also includes funding for two fiscal 2016 capital projects: $300 for LED streetlight conversions and $100 for a 10 – 15 kW solar project in Wrigley. Due to the decrease in NTPC's unit price of diesel fuel, an amendment to the agreement was signed on January 14, 2016 to reduce the total contribution to the amount of $24,829. The reduction applies solely to the costs related to the extreme low water conditions. NTPC received $20,329 of this contribution agreement from the GNWT in fiscal 2016.

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($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 10. Deferred government contributions (continued)

As of March 31, 2016 $23,008 (2015-$14,219) has been recorded as extreme low water government contribution to offset equivalent costs resulting from extreme low water. $5,781 of those contribution revenues are related to the initial contribution agreement from fiscal 2015.

The unspent balance of the extreme low water contribution agreements was $2,702 (2015 - $5,781) at March 31, 2016 and is recorded in deferred government contributions. These funds will be recognized as extreme low water government contributions in fiscal 2017 to offset equivalent thermal generation expenses related to the additional diesel fuel and lubricant and other costs resulting from extreme low water between April 1, 2016 and March 31, 2017.

11. Tangible capital assets

	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
Cost							
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
Accumulated Amortization							
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)
Net book value	$ 219,775	$ 61,270	$ 32,884	$ 18,831	$ -	$ 16,766	$ 349,526

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Tangible capital assets (continued)

	March 31, 2015						
	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**
Cost							
Opening balance	$ -	$ -	$ 63	$ -	$ 1,314	$ 1,203	$ 2,580
Net change in account balances assumed on consolidation of NTPC from modified equity	298,994	81,793	52,792	26,469	-	17,922	477,970
Additions	1,361	-	-	-	-	20,980	22,341
Transfers – completed projects	15,003	4,714	3,509	-	1,242	(24,468)	-
Disposals	(2,451)	(208)	(1,273)	-	-	-	(3,932)
Closing balance	312,907	86,299	55,091	26,469	2,556	15,637	498,959
Accumulated Amortization							
Opening balance	$ -	$ -	$ (22)	$ -	$ (111)	$ -	$ (133)
Net change in account balances assumed on consolidation of NTPC from modified equity	(90,727)	(24,987)	(23,706)	(7,185)	-	-	(146,605)
Amortization	(8,807)	(2,302)	(3,457)	(435)	(438)	-	(15,439)
Disposals	2,320	193	1,161	-	-	-	3,674
Closing balance	(97,214)	(27,096)	(26,024)	(7,620)	(549)	-	(158,503)
Net book value	$ 215,693	$ 59,203	$ 29,067	$ 18,849	$ 2,007	$ 15,637	$ 340,456

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

12. Inventories

		2016		2015
Materials, supplies and lubricants	$	4,461	$	6,067
Critical spare parts		4,169		2,735
Fuel		351		340
	$	8,981	$	9,142

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is only held in five of NT Hydro's operating plants. The LNG fuel requirement for NT Hydro's Inuvik plant is managed under the LNG fuel supply agreement described in Note 21. Diesel fuel requirements for the remaining 20 plants are all managed under the fuel management services agreement described in Note 21.

13. Accumulated surplus / equity

		2016		2015
Share capital, common and preferred shares	$	43,129	$	43,129
Accumulated operating surplus / equity		80,041		73,727
	$	123,170	$	116,856

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, 2016, 1 common share (2015 – 1 common share), at $43,129 per share, (2015 – $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.

14. Sale of power

		2016		2015
Power sales to external customers	$	73,649	$	70,499
Power sales to GNWT and related parties		14,525		14,928
GNWT HSP payments		6,330		5,983
GNWT TPSP payments		5,279		4,923
	$	99,783	$	96,333

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.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 14. 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.

15. Other revenue and customer contributions

	2016	2015
Customer contributions in aid of construction	$ 774	$ 536
Contract work	762	353
Connection fees	296	341
Heat revenues	291	555
Pole rental	283	273
Miscellaneous	105	102
	$ 2,511	$ 2,160

Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of financial contributions from customers. During year, capital customer contributions of $774 (2015 - $536) were recognized as revenue.

16. Expenses

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

	2016	2015
Fuels and lubricants (Note 21)	$ 40,641	$ 44,663
Salaries and wages	25,050	26,404
Supplies and services	23,934	22,340
Amortization (Note 11)	16,155	15,439
Interest expense (Note 17)	12,380	12,947
Net loss on disposal of assets	4,379	1,052
Travel and accommodation	2,581	2,579
Accretion on AROs (Note 7)	166	149
	$ 125,286	$ 125,573

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

17. Interest expense and interest income

Interest expense

	2016	2015
Interest on debenture debt and capital leases (Notes 4, 5)	$ 12,556	$ 12,848
Short-term debt financing costs (Note 7)	569	545
Capitalized interest during construction	(745)	(446)
	$ 12,380	$ 12,947

Interest income

	2016	2015
Income on loan receivable (Note 4)	$ 1,513	$ 1,588
Income from sinking fund investments (Note 5)	35	59
Income from overdue accounts	68	30
	$ 1,616	$ 1,677

18. Other government contributions

NT Hydro recorded $1,732 in government contributions (2015 - $2,228) relating to various contribution agreements with the GNWT. The agreements in fiscal 2016 were all one year agreements between NTPC and the GNWT. Total eligible expenditures (capital and operating) were $1,676, of which $1,472 was eligible for government contributions. These projects included the LED streetlight replacement program in fifteen communities, solar PV in several communities, organic rankine cycle generator study, and a south slave heat feasibility study. As at March 31, 2016, the resulting net receivable regarding these projects is $186. Additionally, the GNWT made an in-kind infrastructure contribution in the amount of $260 of solar panels in Fort Liard, which is recorded in tangible capital assets and government contribution revenues

19. GNWT power sale contributions

As part of the GRA and Decision 1-2013, NTPC signed a contribution agreement in fiscal 2013 with the GNWT to cover anticipated revenue shortfalls. Contributions are provided by the GNWT to NTPC to mitigate the impact of operating expenses on rate increases to customers over three years. Contributions for all years were received in the year specified. The agreement specified maximum contributions as follows:

2013 - $17.6 million less $2 million of foregone dividends = $15.6 million
2014 - $11.4 million less $2 million of foregone dividends = $ 9.4 million
2015 - $ 4.8 million less $2 million of foregone dividends = $ 2.8 million

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

20. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, thru 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:

	2016	2015
Revenue		
Other revenue	$ 486	$ 288
Expenses		
Purchases of fuel from PWS (Note 21)	$ 34,380	$ 35,538
Other operating expenses	273	782
	$ 34,653	$ 36,320
Financial assets		
Revenues receivable		
Utility	$ 1,040	$ 1,953
Non-utility	93	347
Allowance for doubtful accounts	-	(68)
	$ 1,133	$ 2,232
Liabilities		
Accounts payable to PWS for fuel (Note 21)	$ 6,610	$ 8,694
Other accounts payable and accrued liabilities	26	37
	$ 6,636	$ 8,731

Transfer of NTEC(03) operations

In fiscal 2015 the GNWT issued a Directive for the operations of NTEC(03) (a wholly-owned subsidiary of NT Hydro) to be brought under the Petroleum Products Division of Public Works and Services (PWS), renamed to "Fuel Services Division" (FSD), effective April 1, 2015. As part of the windup of NTEC(03), NTPC reviewed its loan receivable from NT Hydro for NT Hydro's investment in NTEC(03) and Sahdae Energy Ltd. (SEL) as of March 31, 2014. With the operations of NTEC(03) moving to the FSD in fiscal 2016 and no additional sources of revenues, NT Hydro indicated the loan would not be repaid. In December 2014, NTPC's Board of Directors voted to write off a $4,565 loan receivable from NT Hydro for NT Hydro's investment in NTEC(03) and SEL and a short-term loan for $292 resulting from various transactions.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

21. 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, 2016:

	Expiry	2017	2018 and subsequent
Non related parties	2021	$ 7,690	$ 3,124

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.

Liquefied natural gas (LNG) purchases

On October 31, 2013 NTPC entered into an agreement with NTEC(03) to supply NTPC with LNG to its' 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

A Statement of Claim naming NTPC as a defendant along with two former employees was received June 11, 2015 in connection with an event that occurred in 2013 while clearing a transmission line near Fort Smith. It is too early to assess any potential liability resulting from this claim.

($000's)

22. 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.

	2016	2015
Loan receivable	$ 15,306	$ 16,134
Revenues receivable	14,559	12,999
Sinking fund investments	7,988	7,194
Cash	1,236	2,333
	$ 39,089	$ 38,660

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 seven percent (2015 - 37%) of NTPC's sales are to two other utilities. Twenty six percent (2015 - 27%) 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.

($000's)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 22. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of sinking fund requirements and amortization provisions on seven 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.

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, 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)
	$ 35,174	$ 19,267	$ 124,529	$ 60,957	$ 239,927

	March 31, 2015				
	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	$ 18,115	$ -	$ -	$ -	$ 18,115
Debenture debt	2,552	25,207	116,388	40,953	185,100
Sinking fund investments	-	(4,890)	(2,304)	-	(7,194)
Snare capital lease obligation	2,212	10,360	22,532	23,913	59,017
Loan receivable	(2,341)	(11,704)	(12,484)	-	(26,529)
LNG capital lease obligation	565	1,435	-	-	2,000
	$ 21,103	**$ 20,408**	**$ 124,132**	**$ 64,866**	**$ 230,509**

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

23. Subsequent events

(a) Power revenues

NTPC filed its 2016/19 GRA on June 30, 2016. NTPC is anticipating a PUB Decision on the application prior to March 31, 2017.

NTPC also filed an Interim Rate Application with the PUB on June 30, 2016. This application requested a 4.8% increase to base energy rates for all customers effective August 1, 2016. The PUB approved this application on July 26, 2016.

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.

(b) Governance

On May 24, 2016 the GNWT revoked the appointment of its existing board members and 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.

24. Comparative figures

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

NWT LOTTERY AUTHORITY
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2016

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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., Certified General Accountants annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

General Manager,
NWT Sport and Recreation Council

July 10, 2016

AVERY COOPER & CO. LTD.
Certified General 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, 2016, and the Statements of Changes in Net Assets, Operations, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of NWT Lottery Authority as at March 31, 2016, 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.
Certified General Accountants
Yellowknife, NT

July 10, 2016

NWT LOTTERY AUTHORITY

STATEMENT OF FINANCIAL POSITION
March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	$ 154,650	$ 385,932
Accounts Receivable	23,950	-
Due from Western Canada Lottery Corporation	475,423	478,788
Due from NWT Sport and Recreation Council (Note 5)	70,325	67,481
Cash Holdback (Note 4)	275,000	275,000
	999,348	1,207,201
LIABILITIES		
Accounts Payable & Accrued Liabilities	49,056	11,142
Wages & Benefits Payable	1,730	6,631
Accrued termination benefits	26,854	42,453
Due to Government of Nunavut (Note 5)	247,098	376,094
	324,738	436,320
NET FINANCIAL ASSETS	674,610	770,881
NON-FINANCIAL ASSETS		
Prepaid Expenses	13,599	7,496
ACCUMULATED SURPLUS (Note 4)	$ 688,209	$ 778,377

Approved:

_______________ Member _______________ Member

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CHANGES IN NET FINANCIAL ASSESTS
For the Year Ended March 31, 2016

	2016	2015
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ (90,168)	$ (496,396)
Change in Prepaid Expenses	(6,103)	(6,333)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(96,271)	(502,729)
NET FINANCIAL ASSETS, opening	770,881	1,273,610
NET FINANCIAL ASSETS, closing	$ 674,610	$ 770,881

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF OPERATIONS
For the year ended March 31, 2016

	2016 Budget Unaudited	2016 Actual	2015 Actual
REVENUES			
Lottery Revenue, Net - Schedule 1	$ 5,185,364	$ 6,068,759	$ 4,656,843
Nunavut Lottery revenue	(754,616)	(801,290)	(589,689)
Miscellaneous income	5,826	6,615	6,670
Interest income	4,333	1,399	4,637
Management fee revenue	14,124	156,582	12,557
	4,455,031	5,432,065	4,091,018
EXPENSES			
Advertising and promotion	18,000	43,757	8,277
Audit and accounting	9,000	8,441	5,507
Communications	4,000	2,996	3,119
Contributions	3,946,511	4,950,000	4,080,736
Equipment lease	-	1,487	816
Grants to retailers	114,000	113,586	118,089
Insurance	2,500	2,085	1,948
Interest and bank charges	1,200	1,283	1,168
Legal	5,000	1,429	-
Miscellaneous	-	247	1,732
Office supplies	5,000	26,520	9,300
Periodicals, printing and newsletters	-	-	26
Postage and courier	30,000	33,002	30,256
Professional development and training	5,000	10,898	-
Professional fees	22,000	48,664	-
Repairs and maintenance	1,000	2,229	1,083
Retailer training (NWT only)	-	-	1,163
Travel	10,000	19,341	5,535
Wages and benefits	281,820	256,268	318,659
	4,455,031	5,522,233	4,587,414
DEFICIENCY OF REVENUES OVER EXPENSES	$ -	$ (90,168)	$ (496,396)

NWT LOTTERY AUTHORITY

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended March 31, 2016

For the Year Ended March 31, 2016	2016	2015
ACCUMULATED SURPLUS, opening	$ 778,377	$ 1,274,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(90,168)	(496,396)
ACCUMULATED SURPLUS, closing (Note 4)	$ 688,209	$ 778,377

For the Year Ended March 31, 2015	2015	2014
ACCUMULATED SURPLUS, opening	$ 1,274,773	$ 867,358
EXCESS OF REVENUES OVER EXPENSES	(496,396)	407,415
ACCUMULATED SURPLUS, closing	$ 778,377	$ 1,274,773

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CASH FLOWS
For the year ended March 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from Western Canada Lottery	$ 5,402,021	$ 4,040,801
Cash receipts from other revenue	6,615	6,670
Cash paid to suppliers	(428,749)	(324,511)
Contributions to NWT Sport and Recreation Council	(4,950,000)	(4,080,736)
Cash paid to employees	(261,169)	(318,167)
DECREASE IN CASH	(231,282)	(675,943)
CASH, opening	385,932	1,061,875
CASH, closing	$ 154,650	$ 385,932

See accompanying notes and schedule

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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.

2. CHANGE IN ACCOUNTING POLICIES, continued

(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.

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 (2015 - $275,000) and is included in accumulated surplus as at March 31, 2016 as follows:

	2016	2015
Reserve	$ 275,000	$ 275,000
Operating Surplus	413,209	503,377
Accumulated Surplus	$ 688,209	$ 778,377

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 $292,044 (2015 - $465,187) from NWT Sport and Recreation Council relating to payroll expenses. The Organization also paid out $4,950,000 (2015 -$ 4,080,736) 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.

6. CONTRIBUTIONS

The NWT Lottery Authority funds have been distributed to the following organizations during the year:

NWT Sport and Recreation Council	$ 4,950,000	$ 4,080,736

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 $49,056 (2015 - $11,142). 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.

9. GRANTS TO RETAILERS

Grants to retailers in aid of administration, represents grants paid to non-profit retailers based upon sales volume, to assist with their administration costs.

NWT LOTTERY AUTHORITY

SCHEDULE TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

SCHEDULE OF LOTTERY REVENUE, NET **Schedule 1**

	2016 Budget Unaudited	2016 Actual	2015 Actual
SALES			
Lottery ticket sales	$ 16,522,696	$ 19,529,499	$ 15,199,689
Interest and other income	28,667	24,513	18,501
	16,551,363	19,554,012	15,218,190
DIRECT EXPENSES			
Free tickets	730,484	1,175,379	782,932
Prizes	8,551,087	9,975,724	7,753,810
Retailer commissions	917,056	1,064,123	827,029
Ticket printing	216,721	246,845	222,135
	10,415,348	12,462,071	9,585,906
OPERATING INCOME	6,136,015	7,091,941	5,632,284
EXPENSES			
Amortization	79,124	69,106	95,454
Communications	137,108	160,956	157,545
Cost of premises	22,659	22,986	19,889
Draws and winning numbers publication	5,099	4,349	4,541
Employee development	4,829	4,181	3,802
Equipment	32,909	33,854	38,373
Freight and product transport	3,171	3,017	2,944
Goods and services tax	78,686	89,703	74,012
I. L. C. expense	13,902	11,640	13,599
Insurance and bank charges	1,749	1,717	1,668
Media & advertising	128,284	144,092	133,210
Overhead allocation	(248)	(292)	(245)
Payment to Government of Canada	155,329	167,410	154,702
Presentations, publications and miscellaneous	2,334	3,696	3,963
Professional fees	50,399	49,354	44,984
Promotion	15,602	10,804	5,728
Supplies	2,441	2,197	2,087
Travel	3,018	1,906	2,613
Wages and benefits	214,256	242,506	216,572
	950,651	1,023,182	975,441
EXCESS OF REVENUES OVER EXPENSES	$ 5,185,364	$ 6,068,759	$ 4,656,843

N.W.T. SPORT AND RECREATION COUNCIL
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2016

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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., Certified General Accountants annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

General Manager,
NWT Sport and Recreation Council

July 10, 2016

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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, 2016, and the Statements of Changes in Net Assets, Operations, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of N.W.T. Sport and Recreation Council as at March 31, 2016, 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.
Certified General Accountants
Yellowknife, NT

July 10, 2016

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF FINANCIAL POSITION
March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash (Note 4)	$ 1,408,264	$ 1,192,294
Short-Term Investments (Note 5)	29,484	29,250
Accounts Receivable	100	344,101
Government remittances receivable	11,928	9,746
Due from related party (Note 6)	-	238
	1,449,776	1,575,629
LIABILITIES		
Line of Credit (Note 8)	95,000	-
Accounts Payable & Accrued Liabilities	434,103	155,554
Wages & Benefits Payable	165,940	3,621
Due to related party (Note 6)	70,325	67,482
	765,368	226,657
NET FINANCIAL ASSETS	684,408	1,348,972
NON-FINANCIAL ASSETS		
Prepaid Expenses	10,577	3,156
Tangible Capital Assets (Note 7)	5,485	7,513
	16,062	10,669
SUBSEQUENT EVENTS (Note 10)		
ACCUMULATED SURPLUS	$ 700,470	$ 1,359,641

Approved:

_______________ Member   _______________ Member

See the accompanying notes.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31, 2016

	2016	2015
DEFICIENCY OF REVENUES OVER EXPENSES	$ (659,171)	$ (835,439)
Acquisition of Tangible Capital Assets	(1,512)	(4,837)
Amortization of Tangible Capital Assets	3,540	4,934
Change in Prepaid Expenses	(7,421)	(3,156)
DECREASE IN NET FINANCIAL ASSETS	(664,564)	(838,498)
NET FINANCIAL ASSETS, opening	1,348,972	2,187,470
NET FINANCIAL ASSETS, closing	$ 684,408	$ 1,348,972

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF OPERATIONS
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
REVENUES			
Administration - Schedule 1	$ 597,068	$ 723,363	$ 505,883
Governance - Schedule 2	28,935	3,808	6,903
Investment and Evaluation - Schedule 3	3,310,258	4,230,204	3,536,988
Multi Sport Games - Schedule 4	650,000	650,091	692,600
	4,586,261	5,607,466	4,742,374
EXPENSES			
Administration - Schedule 1	597,068	723,363	505,883
Governance - Schedule 2	28,935	3,808	6,903
Investment and Evaluation - Schedule 3	4,240,262	4,240,262	4,829,408
Multi Sport Games - Schedule 4	861,133	1,299,204	235,619
	5,727,398	6,266,637	5,577,813
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (1,141,137)	$ (659,171)	$ (835,439)

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended March 31, 2016

For the Year Ended March 31, 2016	Unrestricted Surplus	Building Reserve	Games Reserve	Program Reserve	Total 2016
ACCUMULATED SURPLUS, opening	$ 234,975	$ 255,000	$ 211,133	$ 658,533	$ 1,359,641
DEFICIENCY OF REVENUES OVER EXPENSES	(659,171)	-	-	-	(659,171)
CONTRIBUTIONS	4,950,000	-	650,091	4,230,204	9,830,295
EXPENSES	(4,290,831)	-	(1,299,204)	(4,240,260)	(9,830,295)
TRANSFERS	-	-	437,980	(437,980)	-
ACCUMULATED SURPLUS, closing	$ 234,973	$ 255,000	$ -	$ 210,497	$ 700,470

For the Year Ended March 31, 2015	Unrestricted Surplus	Building Reserve	Games Reserve	Program Reserve	Total 2015
ACCUMULATED SURPLUS, opening	$ 236,014	$ 600,000	$ 54,152	$ 1,304,914	$ 2,195,080
DEFICIENCY OF REVENUES OVER EXPENSES	(835,439)	-	-	-	(835,439)
CONTRIBUTIONS	4,174,492	-	650,000	3,524,492	8,348,984
EXPENSES	(3,340,092)	-	(193,019)	(4,815,873)	(8,348,984)
TRANSFERS	-	(345,000)	(300,000)	645,000	-
ACCUMULATED SURPLUS, closing	$ 234,975	$ 255,000	$ 211,133	$ 658,533	$ 1,359,641

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 5,949,285	$ 4,395,210
Cash paid to suppliers and employees	(5,829,649)	(5,466,071)
	119,636	(1,070,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in amounts due to/from related parties	3,081	8,651
Line of credit	95,000	-
	98,081	8,651
CASH FLOWS FROM CAPITAL ACTIVITY		
Purchase of tangible capital assets	(1,513)	(4,839)
INCREASE (DECREASE) IN CASH	216,204	(1,067,049)
CASH, opening	1,221,544	2,288,593
CASH, closing	$ 1,437,748	$ 1,221,544
REPRESENTED BY:		
Cash	$ 664,858	$ 455,274
Restricted cash	743,406	737,020
Short term investment	29,484	29,250
	$ 1,437,748	$ 1,221,544

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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)(c) 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.

2. FUTURE CHANGES IN ACCOUNTING POLICIES, continued

(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.

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.

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

	2016	2015
Cach in bank	$ 664,858	$ 455,274
RBC Dominion Securities mutual funds	743,406	737,020
	$ 1,408,264	$ 1,192,294

Cash, in the amount of $743,406, is restricted for use in the establishment of the reserve funds as outlined in Note 8. At March 31, 2016 restricted cash exceeded reserves by $277,909.

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, 2016. The Council does not anticipate redemption of the investments within the next year.

	2016	2015
RBC Cashable GIC	$ 29,484	$ 29,250

6. DUE FROM/TO RELATED PARTIES

(a) During the year, the Organization entered into transactions with the following related parties:

NWT Lottery Authority
Nunavut Lottery
MACA

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

6. DUE FROM/TO RELATED PARTIES, continued

(b) Transactions

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

	2016	2015
Revenue		
MACA - Games funding	$ 650,000	$ 650,000
NWT Lottery Authority - Program funding	4,229,357	3,524,492
NWT Lottery Authority - SRC funding	720,643	556,244
	$ 5,600,000	$ 4,730,736
Expenses - NWT Lottery Authority - payroll	$ 292,044	$ 465,187

(c) Due from related party

	2016	2015
Nunavut Lottery	$ -	$ 238

(d) Due to related party

	2016	2015
NWT Lottery Authority	$ 70,325	$ 67,482

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

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

7. TANGIBLE CAPITAL ASSETS

	2016			2015
	Cost	Accumulated amortization	Net	Net
Equipment	$ 10,926	$ 9,751	$ 1,175	$ 1,679
Computer equipment	28,032	24,209	3,823	4,860
Computer software	18,408	17,921	487	974
	$ 57,366	$ 51,881	$ 5,485	$ 7,513

8. 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 paid April 4, 2016.

9. RESERVES

	Opening Balance	Additions	Expenses	2016	2015
Program reserve	$ 658,533	$ 4,230,204	$ 4,678,240	$ 210,497	$ 658,533
Building reserve	255,000	-	-	255,000	255,000
Games reserve	211,133	1,088,071	1,299,204	-	211,133
	$ 1,124,666	$ 5,318,275	$ 5,977,444	$ 465,497	$ 1,124,666

9. RESERVES, continued

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:

		2016
GNWT MACA Contribution	$	650,000
Transfer from Program reserve		437,980
Interest		91
		1,088,071
Interest charges		311
Canada Winter Games 2015 refund		(5,350)
Western Canada Summer Games 2015		204,243
Arctic Winter Games 2016		1,100,000
		1,299,204
	$	(211,133)

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 in the 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 $4,230,204 from Lottery revenue in the current year end and expended $4,240,260 to partners during the year. In the current year, $437,980 was transferred from the program reserve to the games reserve to cover the excess expenditures.

10. 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.

11. 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.

12. LOTTERY FUNDING

NWT Sport and Recreation Council received the following amounts from the NWT Lottery Authority during the year:

	2016	2015
Funds transferred from NWT Lottery Authority	$ 4,950,000	$ 4,080,736

13. 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, 2016

ADMINISTRATION **Schedule 1**

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
REVENUE			
Lottery contribution	$ 587,068	$ 715,988	$ 494,245
Interest revenue	10,000	6,562	10,498
Miscellaneous Revenue	-	813	1,140
	597,068	723,363	505,883
EXPENSES			
Amortization	3,900	3,540	4,932
Audit and accounting fees	10,550	12,149	9,113
Bank charges	300	370	173
Catering	2,000	828	578
Communications	7,500	5,250	6,894
Computer	-	-	16,424
Contracts/fees	-	106	1,323
Contributions	254,998	248,931	-
Course registration/Professional development	16,000	359	12,405
Insurance	5,000	2,333	4,851
Membership fees	400	-	233
Professional fees	-	-	1,274
Supplies	5,000	1,357	3,324
Travel	9,600	-	9,032
Wages and benefits	281,820	448,140	435,327
	597,068	723,363	505,883
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

GOVERNANCE **Schedule 2**

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
REVENUE			
Lottery contribution	$ 28,935	$ 3,808	$ 6,903
EXPENSES			
Catering	1,200	876	317
Communications	100	122	92
Contracts/fees	-	-	1,156
Supplies	2,800	-	-
Travel	24,835	2,810	5,338
	28,935	3,808	6,903
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2016

INVESTMENT AND EVALUATION **Schedule 3**

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
REVENUE			
Lottery contribution	$ 3,310,258	$ 4,230,204	$ 3,536,988
EXPENSES			
Catering	-	-	32
Contracts/fees	-	-	9,937
Membership fees	-	-	516
Travel	-	-	3,050
	-	-	13,535
Aboriginal Sport Circle of the NWT	954,002	954,002	1,043,603
Beaufort Delta Sahtu Recreation	325,980	325,980	382,308
Mackenzie Recreation Association	304,686	304,686	309,631
NWT Recreation and Parks Association	872,630	872,630	981,142
Sport North Federation	1,782,964	1,782,964	2,099,189
	4,240,262	4,240,262	4,829,408
DEFICIENCY OF REVENUES OVER EXPENSES	$ (930,004)	$ (10,058)	$ (1,292,420)

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2016

MULTI SPORT GAMES **Schedule 4**

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
REVENUE			
MACA Contribution	$ 650,000	$ 650,000	$ 650,000
Lottery contribution	-	-	42,600
Interest Revenue	-	91	-
	650,000	650,091	692,600
EXPENSES			
Bank Charges	-	311	-
Contribution to Sport North Federation	861,133	1,298,893	(56,981)
Contribution to games ASCWA	-	-	250,000
Grants	-	-	42,600
	861,133	1,299,204	235,619
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (211,133)	$ (649,113)	$ 456,981

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

SCHEDULE OF OPERATIONS BY OBJECT **Schedule 5**

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Lottery Revenue	$ (3,926,261)	$ (4,950,000)	$ (4,080,736)
MACA Revenue	(650,000)	(650,000)	(650,000)
Interest Revenue	(10,000)	(6,653)	(10,498)
Miscellaneous Revenue	-	(813)	(1,140)
Amortization	3,900	3,540	4,934
Audit and accounting fees	10,550	12,149	9,113
Bank charges	300	681	173
Catering	3,200	1,704	926
Communications	7,600	5,373	6,986
Computer	-	-	16,424
Contracts/fees	-	106	12,416
Contribution to games	861,133	1,298,893	193,019
Contribution to partners	4,495,260	4,489,192	4,858,473
Course registration	16,000	359	12,405
Insurance	5,000	2,333	4,851
Membership fees	400	1,241	749
Professional fees	-	-	1,273
Supplies	7,800	116	3,324
Travel	34,435	2,810	17,420
Wages	281,820	448,140	435,327
	$ 1,141,137	$ 659,171	$ 835,439

NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2016

Management's Responsibility for Financial Reporting

May 20, 2016

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 it's 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.

Jim 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 Email: stewartr@peace.ca

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, 2016, and the statements of revenue, expenditures and accumulated surplus, and cash flow for the 8 month period 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, 2016, and its financial performance and its cash flows for the 8 month period then ended in accordance with Canadian Public Sector Accounting Standards.

May 20, 2016
Yellowknife, N.W.T

CHARTERED ACCOUNTANT

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

ASSETS

	2016
Current	
Cash	$ 168,366
Goods and Services Tax recoverable (Note 2)	3,703
	172,069
Capital assets (Notes 1b and 3)	-
	$ 172,069

LIABILITIES

Current	
Accounts payable and accrued liabilities	$ 58,480
Deferred revenue (Note 4)	113,589
	172,069

EQUITY

Accumulated surplus	-
Investment in capital assets (Note 1b)	-
	-
	$ 172,069

APPROVED ON BEHALF OF THE BOARD:

Laurie Griffith Director

______________________ Director

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES

FOR THE PERIOD ENDED MARCH 31, 2016

	Budget (Note 1h)	Actual
REVENUE		
Government of NWT Contributions	$ 289,300	$ 289,300
Transfer from (to) deferred revenue	-	(113,589)
	289,300	175,711
OPERATING EXPENSES		
Wages and benefits	48,000	17,628
Insurance	8,000	-
Professional fees	42,500	51,859
Information technology and computer costs	20,000	13,266
Advertising and external communication	8,000	6,652
Bank charges and interest	1,000	1,194
Office and other supplies	9,000	544
Telephone, fax and internet	3,000	2,032
Honoraria	87,300	52,400
Board travel and other costs	36,000	25,905
Rent charges	26,500	4,231
Miscellaneous	-	-
	289,300	175,711
EXCESS REVENUE (EXPENDITURES) FOR THE PERIOD	-	-
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	-	-
ACCUMULATED SURPLUS, END OF PERIOD	$ -	$ -

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2016

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, and commenced operations in 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, 2016, 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.

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 figures are for 8 months since the commencement of 2015/16 operations in August 2015.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2016

NOTE 2 ACCOUNTS RECEIVABLE

	2016
Goods & services tax recoverable	$ 3,703
Less: allowance for doubtful accounts	-
	$ 3,703

NOTE 3 DEFERRED REVENUE

Deferred revenue results from projects which have not yet been completed at year end, and under the terms of the contribution agreements signed with the funding bodies, have contribution terms which extend beyond year end. Unexpended funds at year end may be carried forward to next year.

	2016
Comprised of:	
Balance, beginning of period	$ -
Deferred revenue transfer for the period included in Statement of Operating Fund Revenue and Expenditures	113,589
Balance, end of period	**$ 113,589**

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.

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, 2016

INDEX

Status of Women Council of the NWT
P.O. Box 1320, Yellowknife, NT X1A 2L9

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

Lorraine Phaneuf

Yellowknife, Northwest Territories
July 4, 2016

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 2016, 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 preparations 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, 2016, 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.

Paul Fleury

Paul Fleury, CGA
Yellowknife, NWT
July 4, 2016

Status of Women Council of the Northwest Territories
Statement of Financial Position

As at March 31,	2016	2015
	$	$
Financial assets		
Cash and cash equivalents (Note 3)	128,465	110,562
Accounts receivable (Note 4)	39,600	74,975
	168,065	185,537
Liabilities		
Accounts payable and accrued expenses	36,785	46,158
Vacation payable	16,004	9,194
Employee deductions payable	8,518	1,272
Deferred Revenue	-	2,000
Benefits Fund (Note 5)	38,367	38,334
Contingency Fund (Note 6)	42,891	42,854
	142,565	139,812
Net financial assets	25,500	45,725
Non-financial assets		
Tangible capital assets-Council (Note 7)	3,913	3,100
-Projects (Note 7)	552	788
	4,465	3,888
Accumulated Surplus (Note 8)	**29,965**	**49,613**

Approved on behalf of the Boar

GJ Masuzumi

Acting President

Jan Fullerton

Director

The accompanying notes and supplementary schedules are an integral part of the financial statements

Contingencies (Note 10)

Commitments (Note 12)

Status of Women Council of the Northwest Territories
Statement of Operations

Year ended March 31,	2016	2015
	$	$
REVENUE		
Contributions		
Government of the NWT	490,200	567,850
Government of Canada	11,274	20,904
Deferred revenue	2,000	(2,000)
Other Revenue		
Administration fees & miscellaneous	6,131	9,079
Contributed Rent	70,870	70,870
	580,475	**666,703**
EXPENDITURES		
Wages and benefits	306,594	279,343
Professional development, staff	1,680	3,495
Contracted Services	4,565	83,130
Honoraria	7,375	9,075
Books, videos, subscriptions	-	4,106
Office supplies & photocopies	7,562	5,019
Supplies and workshops	30,988	9,641
Travel	62,060	92,690
Food service special events	4,444	6,080
Facility rental	15,768	8,417
Contributed rent	70,870	70,870
Bank charges	1,167	1,033
Audit, Legal and accounting	10,600	10,625
Advertising	23,502	21,643
Meetings and conferences	3,050	5,546
Dues & fees	3,367	2,165
Telephone, fax, internet & website	6,297	7,823
Postage & courier	7,010	5,363
Design & printing	8,705	11,560
Project management	20,000	9,000
Amortization	981	940
Administration fees	5,096	8,279
	601,681	**655,843**
EXCESS REVENUE (EXPENDITURES)	**(21,206)**	**10,860**

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

Year ended March 31,	**2016**	**2015**
	$	**$**
Annual (deficit) surplus	**(21,206)**	**10,860**
Effect of change in tangible capital assets		
Amortization of tangible capital assets	981	940
Increase (decrease) in net financial assets	(20,225)	11,800
Net financial assets at beginning of year	45,725	33,925
Net financial assets at end of year	**25,500**	**45,725**

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,	**2016**	**2015**
	$	$
Operating Activities		
Excess revenue/ (expenditure)	(21,206)	10,860
Interest earned	70	155
Amortization	982	940
	(20,154)	11,955
Accounts receivable	35,375	(69,421)
Payables	(9,374)	(6,047)
Vacation Payable	6,810	(10,582)
Employee deduction payable	7,246	(432)
Deferred revenue	(2,000)	2,000
Change in cash position	17,903	(72,527)
Cash position, beginning of year	110,562	183,089
Cash position, end of year	**128,465**	**110,562**
Represented by		
Cash in bank	35,428	17,595
Investment in cash account	93,037	92,967
	128,465	**110,562**

The accompanying notes and supplementary schedules are an integral part of the financial statements

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.

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%

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 cost 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.

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, 2016

3. Cash and Cash Equivalents

Cash balances are made up as follows:	2016	2015
	$	$
Cash	35,428	17,595
Investment Cash Account	93,037	92,967
Total cash and cash equivalents	128,465	110,562

4. Accounts Receivable

	2016	2015
	$	$
Project income Government of the NWT	39,600	74,925
Other	-	50
Total accounts receivables	39,600	74,975

5. 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:

	2016	2015
	$	$
Benefits Fund, beginning of year	38,334	38,261
Interest earned	33	73
Benefits Fund, end of year	38,367	38,334

6. Contingency Fund

The Council created a contingency fund to protect against funding cutbacks.

Information about the fund is as follows:

	2016	2015
	$	$
Contingency Fund, beginning of year	42,854	42,772
Interest earned	37	82
Contingency Fund, end of year	42,891	42,854

7. Tangible Capital Assets

Council assets

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
	$	$	$	$
Furniture	4,870	3,131	1,739	2,174
Projector	1,125	1,033	92	132
Computer	30,517	28,435	2,082	794
Total Council assets	36,512	32,599	3,913	3,100
Project assets				
Computers	13,664	13,112	552	788
Total assets	50,176	45,711	4,465	3,888

8. Accumulated Surplus	2016	2015
	$	$
Balance, opening April 1,	49,613	39,091
Operating surplus (deficit)	(21,207)	10,860
Tangible capital asset addition	1,795	-
Amortization tangible capital assets-projects	(236)	(338)
Balance, closing March 31,	29,965	49,613

9. Financial Instruments

The Council uses risk management to monitor and manage its risk arising from financial instruments. These risk include credit risk, interest risk, liquidity risk, and market risk.

The Council does not uses 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.

10. Contingent Liabilities

Management is not aware of any contingent liabilities outstanding against the Status of Women Council

11. Related Parties

The Council receives contributions from the Government of The Northwest Territories and services provided without or with charge.

	2016	2015
	$	$
Operating contributions received	394,000	379,000
Other project contributions	96,200	188,850
Operating premises received without charge	70,870	70,870
	561,070	638,720
Mail support services received with charge	7,010	5,363

12. Commitments

The Council is committed to office equipment leases of $ 2,379.86 per quarter with the following remaining payments:

	$
2017	9,519
2018	9,519
2019	9,519
2020	9,519
2021	4,761
	42,837

13. Comparative Figures

Certain prior year figures have been reclassified for comparative purposes to conform to current year figures.

14. Budget

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

Status of Women Council of the NWT
Schedule 1-Core

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
GNWT - DAAIR Core Funding	394,000	394,000	379,000
Service Revenue	-	-	
Contributed Rent	-	70,870	70,870
	394,000	**464,870**	**449,870**
Expenditures			
Wages & Benefits	305,604	306,594	279,343
Professional Development – Staff	3,000	1,680	3,495
Professional Development – Board	4,500	-	-
Facilitators /Contractors	1,600	1,275	3,000
Honoraria	7,500	7,375	9,075
Books	700	-	4,106
Office Supplies	8,900	6,444	3,813
Equipment Rental	-	5,759	5,713
Travel Council Directors	14,600	492	-
Travel Community Worker	3,000	184	-
Travel F/P/T	5,400	32,975	31,218
Bank Charges	800	1,167	1,034
Audit	9,000	10,500	10,500
Advertising & Promotion	7,806	3,915	3,290
Telephone & Fax	5,600	5,210	6,401
Postage , Courier , mail service	5,500	1,851	2,829
Meeting Expenses/Conference Fees	-	1,287	1,713
Food Service Special Events	1,490	3,444	3,507
Materials,Resources/Subscriptions	-	1,260	255
Workshop Expenses	-	4,387	2,560
Design & Printing	3,500	3,276	2,262
Computer Services and Internet	5,500	3,367	2,165
Amortization	-	982	940
Contributed Rent	-	70,870	70,870
	394,000	**474,294**	**448,089**
Excess revenue (expenditures)	-	**(9,424)**	**1,781**

Status of Women Council of the NWT
Schedule 2- Donations

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
Service Revenue	-	1,896	8,279
Donations, Events Grants	-	3,835	800
	-	**5,731**	**9,079**
Expenditures			
Meeting Expenses	-	320	-
Travel Expenses - General	-	35	-
Materials,Resources,/Subscriptions	-	1,618	-
Workshop Expenses	-	522	-
Contract / Research Fees	-	1,680	-
	-	**4,175**	-
Excess revenue (expenditures)	-	**1,556**	**9,079**

Status of Women Council of the NWT
Schedule 3-Community Response

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
RCMP	-	8,500	12,000
Deferred Revenue	-	2,000	-2,000
	-	**10,500**	**10,000**
Expenditures			
Project Management	-	5,000	5,000
Advertising and promotion	-	703	-
Meeting Expenses	-	46	-
Mail Service	-	443	-
Materials,Resources,/Subscriptions	-	1,879	-
Workshop Expenses	-	2,429	-
Contract / Research Fees	-	-	5,000
	-	**10,500**	**10,000**
Excess revenue (expenditures)	-	-	-

Status of Women Council of the NWT
Schedule 4-Family Violence Week

Year ended March 31,	2016 Budget (unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
GNWT- HSS	-	20,000	10,000
GNWT - Justice (Victims Assistance Fund)	-	19,000	15,000
GNWT - DAAIR	-	5,000	5,000
		44,000	30,000
Expenditures			
Office supplies - Small Equipment	-	787	208
Design and Printing	-	5,429	8,073
Project Management	-	2,000	4,000
Advertising and promotion	-	14,499	10,259
Meeting Expenses	-	105	-
Telecommunications	-	1,087	543
Mail Service	-	3,930	2,507
Materials,Resources,/Subscriptions	-	10,441	606
Equipment Rental	-	3,722	1,904
Food Service-Special Events	-	-	400
Administration Fees	-	2,000	1,500
	-	44,000	30,000
Excess revenue (expenditures)	-	-	-

Status of Women Council of the NWT
Schedule 5-Leadership

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
GNWT -DAAIR	-	15,000	19,000
Donations, Events, Grants	-	400	
	-	**15,400**	**19,000**
Expenditures			
Office supplies - Small Equipment	-	430	-
Advertising and promotion	-	4,386	2,189
Mail Service	-	408	-
Travel Expenses - General	-	8,330	10,692
Materials, Resources/Subscriptions	-	4,173	553
Workshop Expenses	-	1,964	-
Computer Service	-	200	-
Meeting Expenses	-	-	3,143
Research and Contract Fees	-	1,610	-
Facility Rental	-	6,237	800
Food Service-Special Events	-	1,000	500
Awards & Gifts and Hospitality	-	-	1,123
	-	**28,738**	**19,000**
Excess revenue (expenditures)	-	**(13,338)**	-

Status of Women Council of the NWT
Schedule 6- Victim Awareness Week

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
Department of Justice Canada	-	2,774	5,904
		2,774	5,904
Expenditures			
Design and Printing	-	-	5,904
Meeting Expenses	-	828	-
Facility Rental	-	50	-
Administration fees	-	1,896	-
	-	2,774	5,904
Excess revenue (expenditures)	-	-	-

Status of Women Council of the NWT
Schedule 7-What Will It Take

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
GNWT- HSS	-	37,200	-
	-	**37,200**	
Expenditures			
Project Management	-	13,000	-
Mail Service	-	378	-
Travel Expenses - General	-	20,045	-
Materials, Resources/Subscriptions	-	10	-
Workshop Expenses	-	2,304	-
Meeting Expenses	-	263	-
Administration fees	-	1,200	-
	-	**37,200**	-
Excess revenue (expenditures)	-	-	-

Status of Women Council of the NWT
Schedule 8-FV Educational Series

Year ended March 31,	2016 Budget (Uaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
GNWT- HSS	-	-	50,000
	-	-	**50,000**
Expenditures			
Design and Printing	-	-	595
Travel Expenses - General	-	-	32,463
Materials, Resources/Subscriptions	-	-	4,052
Meeting Expenses	-	-	690
Research and Contract Fees	-	-	9,700
Food Service-Special Events	-	-	2,500
	-	-	**50,000**
Excess revenue (expenditures)	-	-	-

Status of Women Council of the NWT
Schedule 9-Dehcho Protocol

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
GNWT- HSS	-	-	89,850
	-	-	89,850
Expenditures			
Design and Printing	-	-	631
Mail Service	-	-	27
Travel Expenses - General	-	-	18,317
Materials, Resources/Subscriptions	-	-	1,615
Telecommunications	-	-	879
Research and Contract Fees	-	-	62,430
Food Service-Special Events	-	-	1,672
Administration Fees			4,279
	-	-	89,850
Excess revenue (expenditures)	-	-	-

Status of Women Council of the NWT
Schedule 10-Motivational Interviewing Training

Year ended March 31,	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	$	$	$
Revenue			
Department of Justice Canada	-	-	3,000
	-	-	3,000
Expenditures			
Research and Contract Fees	-	-	3,000
	-	-	3,000
Ecess revenue (expenditures)	-	-	-

FUR MARKETING SERVICE REVOLVING FUND

FOR YEAR ENDED MARCH 31, 2016

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)

	2015/2016 Actuals	2015/2016 Revised Estimates	2015/2016 Main Estimates	2014/2015 Actuals
Authorized Limit	**1,500**	**1,500**	**1,500**	**1,500**
Opening Accounts Receivable	357	358	950	927
Advances to Trappers	795	1,000	1,000	662
Repayment of Fur Account Loans	(615)	(950)	(950)	(1,231)
Closing Accounts Receivable	**537**	**408**	**1,000**	**357**
Cash	(1,560)			**(1,227)**
Other Asset Accounts	2			**2**
Liability Accounts	(136)			**(3)**
Clearing Accounts	63			**63**
Closing Balance Fund 12	**(1,096)**			**(808)**
Authorized limit	**1,500**			**1,500**

Note:
The authorized limit for the Fur Marketing Revolving Fund was increased to $1,500,000 in 2013-14.

The information provided within this working paper addresses all requirements of YE Directive #51 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 12th, 2016.

Susan Craig _______________**Susan Craig, DFA**

_______________, **May 12th, 2016**

2015 - 2016

62ND ANNUAL REPORT

NORTHWEST TERRITORIES LIQUOR COMMISSION

Northwest Territories Territoires du Nord-Ouest
Finance Finances

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NORTHWEST TERRITORIES LIQUOR COMMISSION

AUDITED FINANCIAL REPORT STATEMENTS

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-second Annual Report for the Northwest Territories Liquor Commission for the fiscal year ending March 31, 2016.

Robert C. McLeod
Minister Responsible for the
NWT Liquor Commission

THE HONOURABLE ROBERT C. MCLEOD
MINISTER OF FINANCE

NWT Liquor Commission

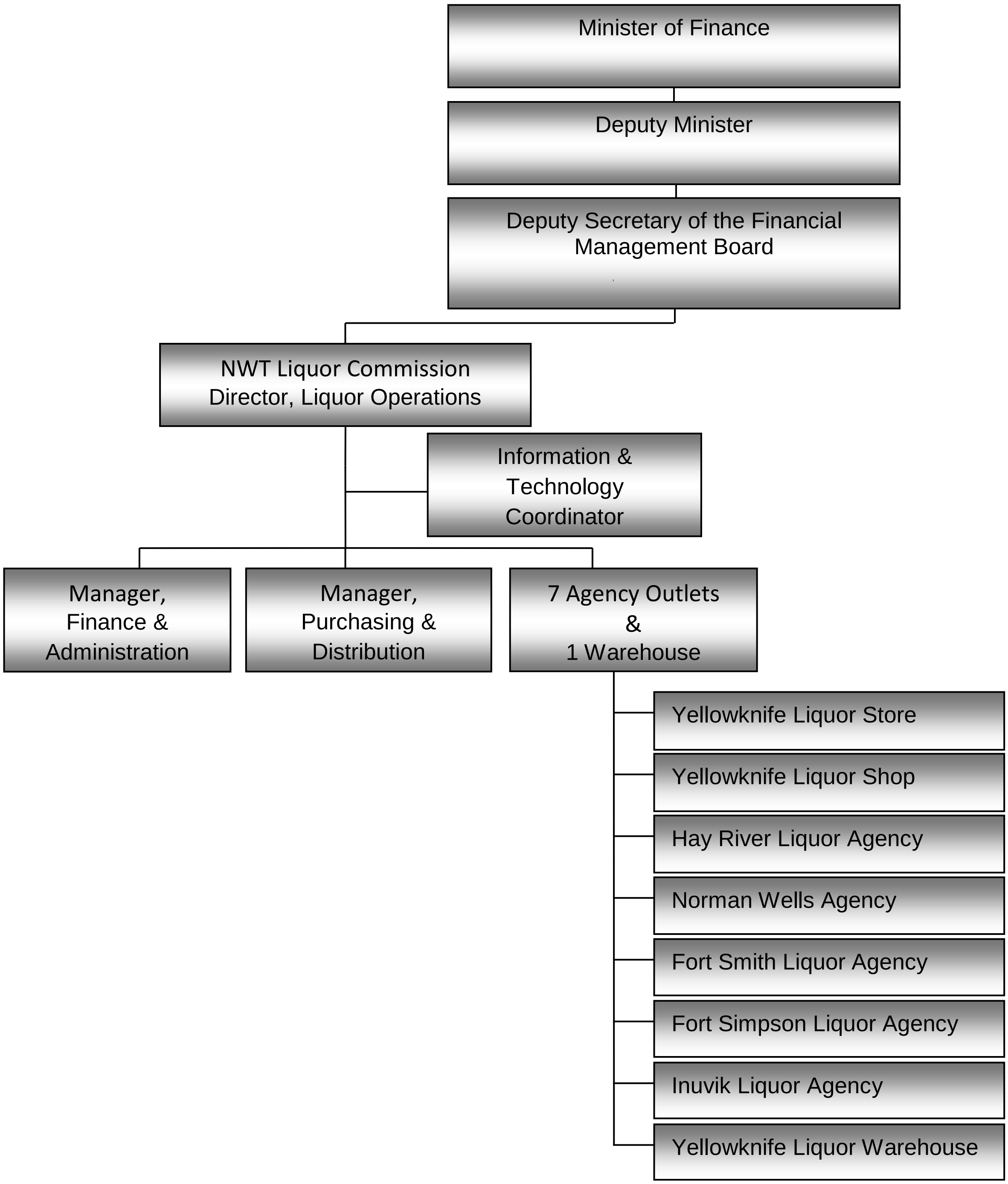
Pursuant to Subsection 64 (1) of the *Liquor Act*, we are pleased to submit the sixty-second Annual Report of the Northwest Territories Liquor Commission for the fiscal year ending March 31, 2016.

We wish to express our thanks to our staff for all their support and contributions to the progress of the Commission during the year.

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
PH: 867 874 8700
FAX: 867 874 8720

www.fin.gov.nt.ca/liquor

Northwest Territories Liquor Commission

DIRECTOR, 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 2.2% sales growth over the prior year at $49 million. Budget estimates for the year were achieved; with the annual surplus within .7% of the budget targets. The volume of liquor sold, in litres, was down 1.9% over 2014/15, 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 warehouses, contracted to private sector operators.

The strategic plan of the Commission focuses on three key areas for measuring performance:

1. Efficient operations, 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 2015 – 2016 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

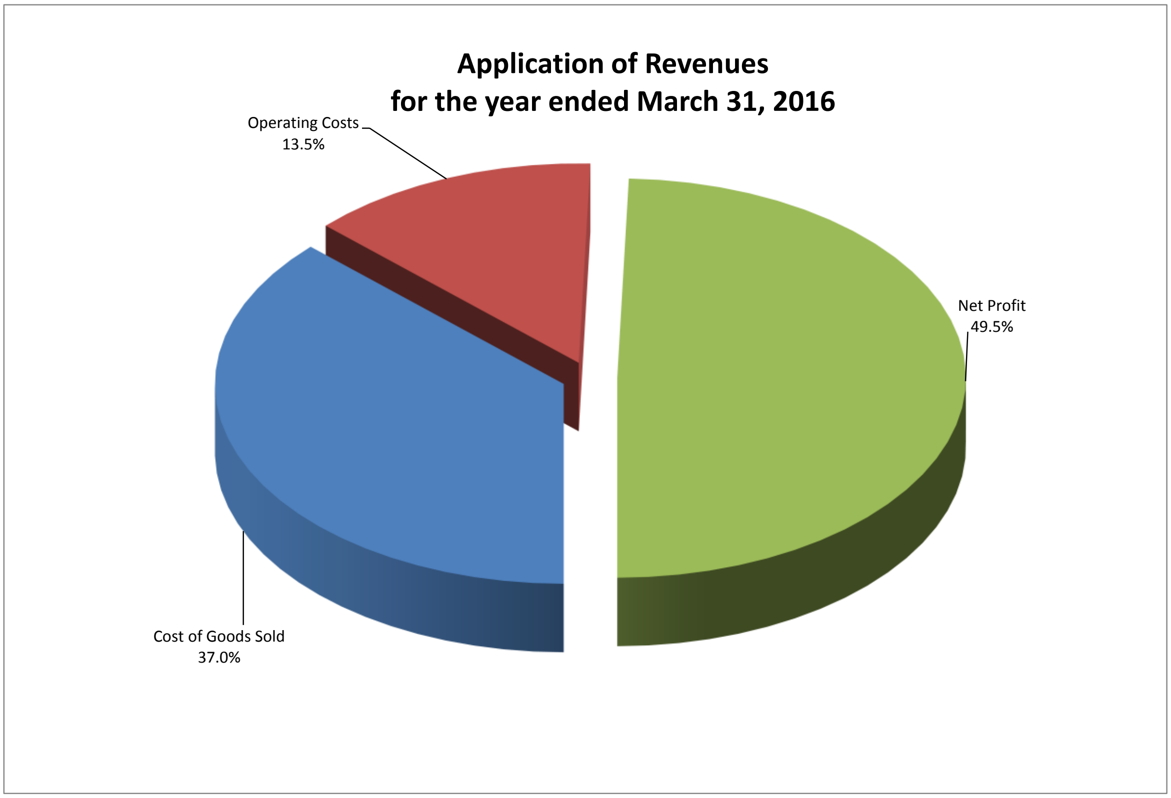
Goal #1

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. Five of the private agency stores operate with inventory on consignment from the Commission and the two Yellowknife stores purchase inventory directly from the Yellowknife warehouse. 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. Sales to private stores are realized through their purchase of liquor products from our warehouse. The cost to deliver the sales and administration throughout the year was 13.5% of sales revenue, of which 9.9% 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.



Social Responsibility Awareness Programs

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*".

The NWTLC participants with the Canadian Association of Liquor Jurisdictions Social Responsibility Committee in support of socially responsible liquor retailing on a nationwide basis.

Reusable bags are provided as an alternative to single use paper bags.

GOAL #3

Meet financial income targets.

Performance Highlights

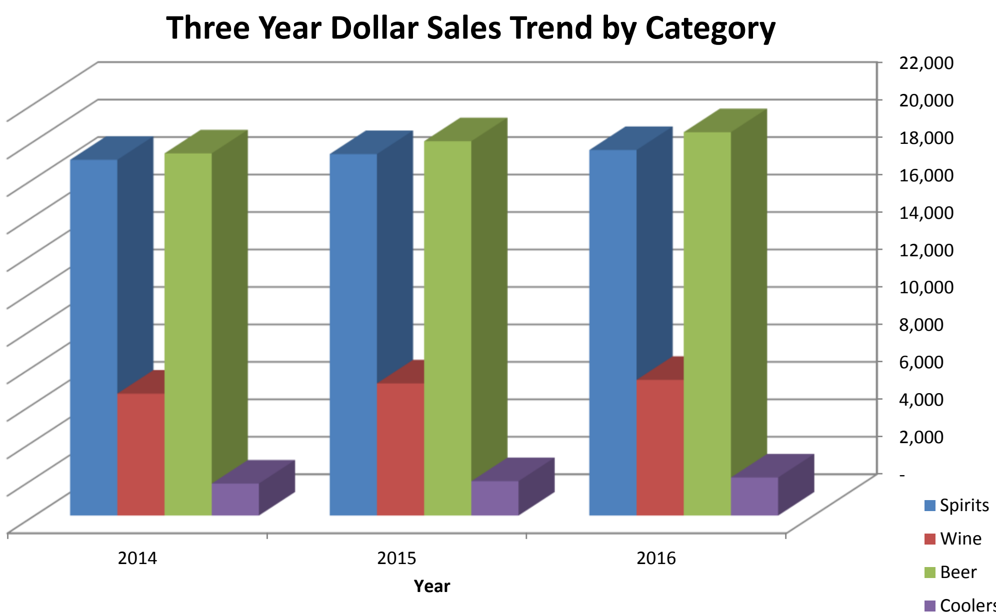
NWTLC annual surplus was 2.7% lower than the previous fiscal year and .7% within budget targets. Sales volume in litres was approximately 1.9% lower than the previous year.

Five Year Performance History

For the year ending March 31st

($000's)

	2016	2015	2014	2013	2012
Gross sales	49,238	48,157	46,527	47,313	46,300
Gross profit	30,984	29,976	29,350	30,239	29,378
as a % of sales	62.9	62.2	63.1	63.9	63.5
Other Income	9	10	7	9	20
Net surplus	24,362	25,043	24,523	25,441	24,463
as a % of sales	49.5%	52.0%	52.7%	53.8%	52.8%
Operating expenses	6,631	4,943	4,834	4,807	4,935
as a % of sales	13.5%	10.3%	10.4%	10.2%	10.7%



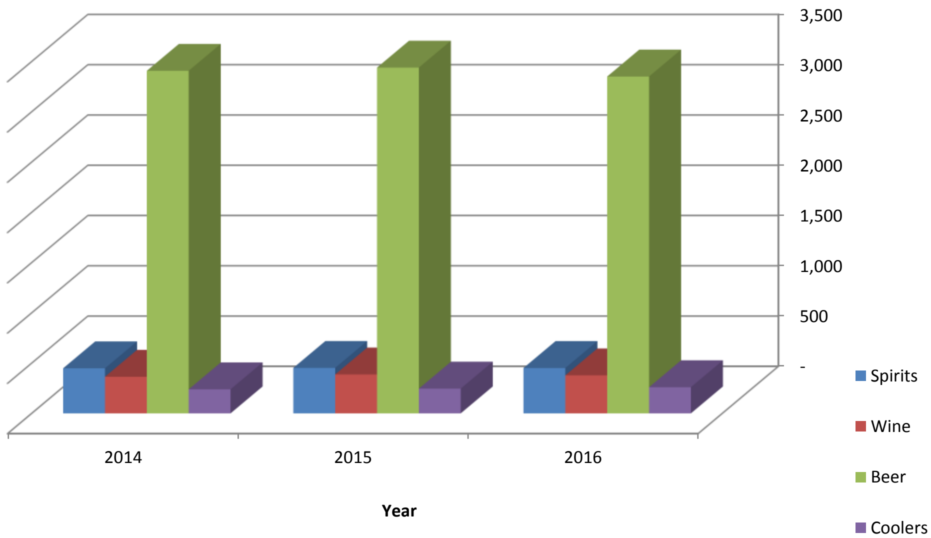
Three Year Dollar Sales by Category

for the year ending March 31

($000's)

	Spirits	Wine	Beer	Coolers	Total
2014	18,985	6,506	19,329	1,707	46,527
2015	19,292	7,053	19,978	1,834	48,157
2016	19,508	7,240	20,459	2,031	49,238

Three Year Litre Sales Trend by Category



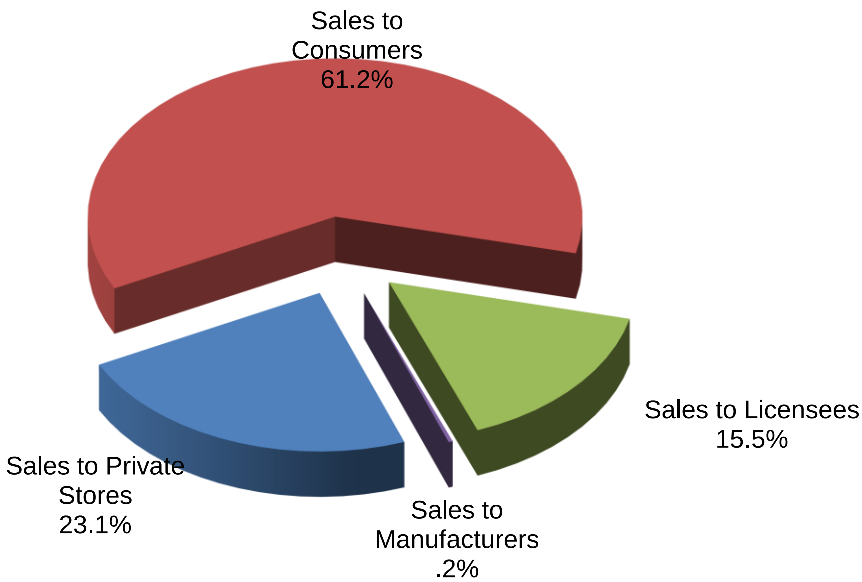
Three Year Litre Sales by Category

for the year ending March 31

(000's)

	Spirits	Wine	Beer	Coolers	Total
2014	448	364	3,407	239	4,458
2015	452	387	3,439	246	4,524
2016	451	378	3,362	260	4,451

Litre Sales by Distribution Channel



Three Year Litre Sales by Distribution Channel
for the year ending March 31

(000's)

	2016	2015	2014
Sales to Private Stores	1,027	2,057	2,116
Sales to Consumers	2,724	1,647	1,616
Sales to Licensees	688	819	839
Sales to Manufacturers *	12	0	0
Total	4,451	4,523	4,571

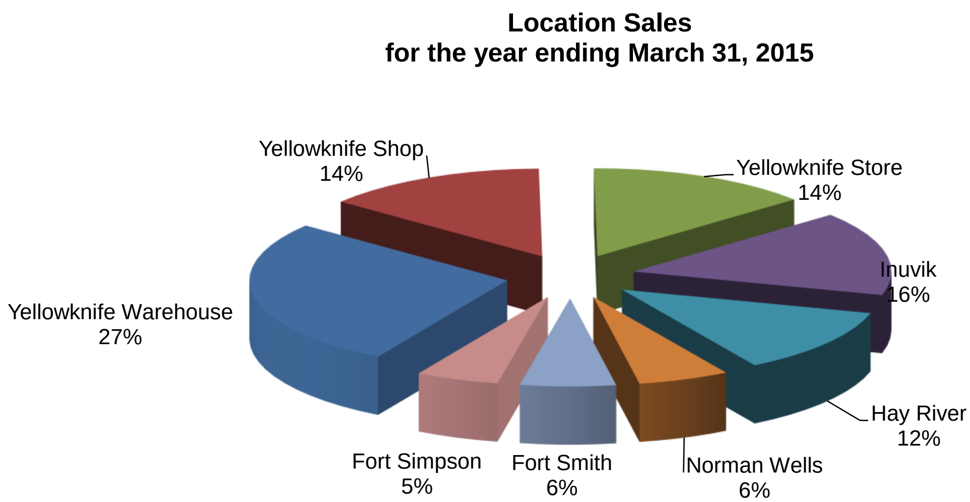
Three Year Dollar Sales by Distribution Channel
for the year ending March 31

(000's)

	2016	2015	2014
Sales to Private Stores	9,354	22,500	21,916
Sales to Consumers	34,123	19,990	19,248
Sales to Licensees	5,747	5,667	5,363
Sales to Manufacturers *	13	0	0
Total	49,238	48,157	46,527

* 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)

	2016	2015	Increase (Decrease)
Yellowknife Warehouse	$ 13,424	$ 26,275	$ -12851
Yellowknife Shop	6,907	-	6907
Yellowknife Store	6,894	-	6894
Inuvik	7,583	7,479	104
Hay River	5,937	6,050	-113
Norman Wells	2,811	2,786	25
Fort Smith	2,933	2,865	68
Fort Simpson	2,556	2,562	-6
*Other	193	140	53
Total	**$ 49,238**	**$ 48,157**	**$ 1081**

***** Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

Statement of Operations by Location

(for the year ended March 31, 2016 with comparative figures for 2015)
(revenue and expenses directly related to sales per location)

YELLOWKNIFE WAREHOUSE

($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Private Stores	2,985	1,441	4,435	494	9,355	22,500
Licensees	1,299	626	1,929	215	4,069	3,775
	4,284	2,067	6,364	709	13,424	26,275
Cost of goods sold	1,345	996	3,084	343	5,768	10,518
Gross margin	2,939	1,071	3,280	366	7,656	15,757
Other income					-	-
Operating expenses					897	851
Net income					6,759	14,906

YELLOWKNIFE SHOP (Sept 8, 2015 - March 31, 2016)

($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	2,916	1,260	2,493	238	6,907	-
Licensees	-	-	-	-	-	-
	2,916	1,260	2,493	238	6,907	-
Cost of goods sold	794	558	885	92	2,329	-
Gross margin	2,122	702	1,608	146	4,578	-
Other income					-	-
Operating expenses					738	-
Net income					3,840	-

YELLOWKNIFE STORE (September 8, 2015 - March 31, 2016)
($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	2,746	1,567	2,370	211	6,894	-
Licensees	-	-	-	-	-	-
	2,746	1,567	2,370	211	6,894	-
Cost of goods sold	777	680	869	80	2,406	-
Gross margin	1,969	887	1,501	131	4,488	-
Other income					-	-
Operating expenses					714	-
Net income					3,774	-

INUVIK OPERATIONS
($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	3,335	737	2,576	250	6,898	6,692
Licensees	126	29	498	32	685	787
	3,461	766	3,074	282	7,583	7,479
Cost of goods sold	952	322	1,296	123	2,693	2,631
Gross margin	2,509	444	1,778	159	4,890	4,848
Other income					-	-
Operating expenses					832	799
Net income					4,058	4,049

HAY RIVER OPERATIONS
($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	2,290	648	2,260	291	5,489	5,598
Licensees	74	32	322	20	448	452
	2,364	680	2,582	311	5,937	6,050
Cost of goods sold	657	300	989	133	2,079	2,105
Gross margin	1,707	380	1,593	178	3,858	3,945
Other income					-	-
Operating expenses					679	647
Net income					3,179	3,298

NORMAN WELLS OPERATIONS
($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	1,230	245	1,066	79	2,620	2,550
Licensees	37	18	130	6	191	236
	1,267	263	1,196	85	2,811	2,786
Cost of goods sold	350	122	506	42	1,020	1,002
Gross margin	917	141	690	43	1,791	1,784
Other income					-	-
Operating expenses					645	496
Net income					1,146	1,288

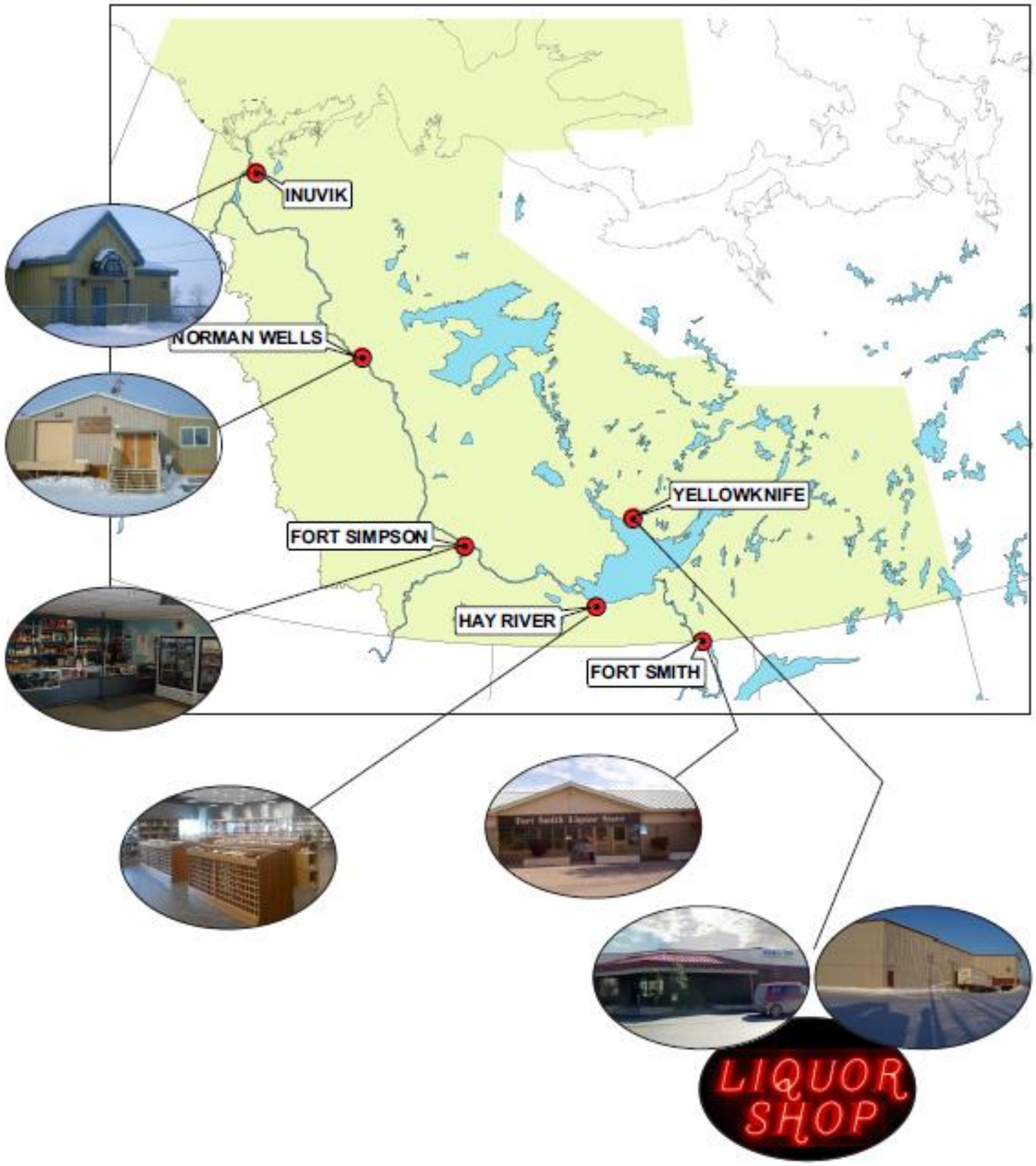
FORT SMITH OPERATIONS
($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	883	393	1,380	172	2,828	2,751
Licensees	24	1	75	5	105	114
	907	394	1,455	177	2,933	2,865
Cost of goods sold	266	160	567	73	1,066	1,024
Gross margin	641	234	888	104	1,867	1,841
Other income					-	-
Operating expenses					503	478
Net income					1,364	1,363

FORT SIMPSON OPERATIONS
($000's)

	Spirits	Wine	Beer	Coolers	2016 Total	2015 Total
Sales						
Consumers	1,242	154	843	69	2,308	2,259
Licensees	33	3	204	8	248	303
	1,275	157	1,047	77	2,556	2,562
Cost of goods sold	325	83	392	32	832	833
Gross margin	950	74	655	45	1,724	1,729
Other income					-	-
Operating expenses					388	375
Net income					1,336	1,353

STORE LOCATIONS



AUDITED FINANCIAL STATEMENTS
2015 – 2016

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2016

NORTHWEST TERRITORIES LIQUOR COMMISSION

Index to Financial Statements

March 31, 2016

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
August 29, 2016

Chris Polselli CPA, CA
5 Deer Park Point
Spruce Grove, AB, T7X 4N6

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, 2016, 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, 2016 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.

CPA CHARTERED PROFESSIONAL ACCOUNTANT

Independent Auditor’s Report (Continued)

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.

August 29, 2016
Spruce Grove, Canada

CPA CHARTERED PROFESSIONAL ACCOUNTANT

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Financial Position

As at March 31 ($000)	2016	2015
Financial Assets		
Cash	$ 2,739	$ 2,632
Accounts receivable	43	28
Inventories for resale (note 3)	3,527	2,495
	6,309	5,155
Financial Liabilities		
Accounts payable and accrued liabilities	2,159	1,717
Pension and other employee benefits (note 4)	127	160
Due to the NWT Liquor Licensing Board (note 5)	271	201
	2,557	2,078
Net Financial Resources	3,752	3,077
Non-Financial Assets		
Tangible capital assets (note 6)	620	575
Prepaid expenses	44	52
	664	627
Accumulated Surplus	$ 4,416	$ 3,704

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)	2016 Budget	2016 Actual	2015 Actual
Sales			
Beer	$ 20,630	$ 20,459	$ 19,978
Spirits	18,766	19,508	19,292
Wine	6,879	7,240	7,053
Coolers and Ciders	2,069	2,031	1,834
	48,344	49,238	48,157
Cost of goods sold			
Beer	8,637	8,593	8,647
Spirits	5,274	5,468	5,428
Wine	3,069	3,276	3,268
Coolers and ciders	934	917	838
	17,914	18,254	18,181
Gross profit on sales	30,430	30,984	29,976
Other income			
Government contribution - services provided without charge (note 7)	-	3	3
Import fees and Income	6	6	7
	6	9	10
Expenses (notes 7 and 8)			
Commissions to agents	4,551	4,871	3,256
Salaries, wages and employee benefits	874	854	975
Administration	467	516	375
Travel	47	46	27
Rent	221	249	219
Amortization of tangible capital assets	91	95	91
	6,251	6,631	4,943
Annual surplus	24,185	24,362	$ 25,043

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)	2016 Budget	2016 Actual	2015
Accumulated surplus, beginning of the year	$ 3,704	$ 3,704	$ 3,387
Annual surplus	24,185	24,362	25,043
Amounts transferred to the Consolidated Revenue Fund	(23,574)	(23,024)	(24,511)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(611)	(626)	(215)
Increase in accumlated surplus	-	712	317
Accumulated surplus, end of year	$ 3,704	$ 4,416	$ 3,704

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Change in Net Financial Resources

For the year ended March 31 ($000)	2016 Budget	2016 Actual	2015 Actual
Net financial resources, beginning of the year	$ 2,804	$ 3,077	$ 2,693
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	712	317
Net investment in tangible capital assets:			
Acquisitions	-	(140)	(5)
Amortization expense	91	95	91
Decrease (increase) in prepaid expenses	-	8	(19)
Net financial resources, end of year	$ 2,895	3,752	$ 3,077

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

For the year ended March 31 ($000)	2016	2015
Operating activities		
Cash received from customers	$ 49,229	$ 48,136
Cash paid to employees and suppliers	(25,402)	(22,594)
Cash provided by operating activities	23,827	25,542
Capital activities		
Purchase of tangible capital assets	(140)	(5)
Financing activities		
Cash transferred to the Consolidated Revenue Fund	(23,024)	(24,511)
Cash transferred to the NWT Licensing Board	(556)	(142)
Cash provided by financing activities	(23,580)	(24,653)
Decrease in cash	107	884
Cash, beginning of year	2,632	1,748
Cash, end of Year	$ 2,739	$ 2,632

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

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, 2016, the Fund's assets exceeded the liabilities by $3,752 (2015 – $3,077).

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.

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.

March 31, 2016 ($000)

3. Inventories for resale

	2016	2015
Spirits	$ 1,322	$ 1,074
Beer	1,213	776
Wine	839	537
Coolers and ciders	153	108
	$ 3,527	$ 2,495

4. Pension and other employee benefits

a) Pension benefits

The employees of the Commission participate in the public service pension plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. Contributions are required by both the employees and the Commission. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees’ required contribution. As of March 31, 2016, the employer contribution rates for employees hired before January 1, 2013 is 1.15 (2015 - 1.18) times employee’s contributions. The employer’s contribution rate for employees hired after January 1, 2013 is 1.15 (2015 - 1.28) times employee’s contributions.

The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Commission's and employees' contributions to the Plan for the year were as follows:

	2016	2015
Commission's contributions (recognized as expense)	$ 74	$ 76
Employees' contribution	59	54

March 31, 2016 ($000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2016			2015		
	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	$ 147	$ 14	$ 160	$ 75	$ -	$ 75
Current period benefit cost (note 1)	(6)	11	5	70	65	135
Accuarial (gains) loss	(26)	(13)	(39)			
Accretion in liability	3	0	4	2	-	2
Benefits paid during the year	(40)	(2)	(42)	-	(51)	(51)
	$ 77	$ 11	$ 88	$ 147	$ 14	$ 160
Unamortized net acturial gain (loss)	26	13	39	-	-	-
Accrued benefit obligation, end of the year	$ 103	$ 24	$ 127	$ 147	$ 14	$ 160

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, 2016 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

March 31, 2016 ($000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2016 reflects management's best estimate based upon a number of future orientated assumptions including:

	2016	2015
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.2%	2.5%
Expected average remaining service life of related employee groups (EARSL)	8.6	8.8
Expected age at termination	58.3	58.6

Timing of expected payments for other employee benefits are as follows:

2018	$ 7
2019	6
2020	5
2021	38
2022 and beyond	45
	$101

March 31, 2016 ($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	2016	2015
Cost:						
	Opening balance	$ 101	$ 615	$ 848	$ 1,564	$ 1,559
	Acquistions	10	130	-	140	5
	Disposals and write-downs	(2)	(31)	-	(33)	-
	Closing balance	109	714	848	1,671	1,564
Accumulated Amortization:						
	Opening balance	(93)	(598)	(298)	(989)	(898)
	Amortization	(3)	(35)	(57)	(95)	(91)
	Disposals and write-downs	2	31	-	33	-
		(94)	(602)	(355)	(1,051)	(989)
Net book value		$ 15	$ 112	$ 493	$ 620	$ 575

March 31, 2016 ($000)

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 $854 (2015 – $975) 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 $3 (2015 – $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 $170 (2015 – $172) for bottle deposits payable to the Department of Environment and Natural Resources, and $64 (2015 – $188) for salaries, wages, and employee benefits to the Department of Finance.

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:

2016/17	$ 231
2017/18	$ 231
2018/19	$ 231
2019/20	$ 231
2020/21	$ 231

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
62nd Annual Report

ANNUAL REPORT 2015-16

NWT LIQUOR LICENSING BOARD

NWT LIQUOR LICENSING BOARD

204-31Capital Drive
Hay River, NT X0E 1G2
Tel: 867.874.8717
Fax: 867.874.8722

August 29, 2016

Honourable Robert C. McLeod
Minister Responsible for the NWT Liquor Licensing Board

Dear Honourable Minister:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Board's 2015 - 16 Annual Report.

Sincerely,

Colin Baile
Chairperson

Index

Chairperson’s Message

This reporting period has seen many changes for the Board. Our General Manager / Registrar began working towards the Board’s intention of improving our accessibility and administrative processes in order to better serve the Territory’s Licence Holders and Permit Holders.

Some of the changes the Board has made include new online forms, improved communication strategies, and faster decision-making processes. The Board is working towards a fully online application, renewal, and payment process. The Board is also working towards a more effective licence management system.

The Board said goodbye to Albert Monchuk of Fort Smith. Albert served as a Board Member for many years. His conscientious service is very much appreciated. Three new Board Members were appointed.

I would like to take this opportunity to thank both our external stakeholders for their contributions as the Board moves forward with our changes, and the collaborative assistance by the Department of Finance for administrative support of the Board’s activities.

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:

- 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 and Permit Holders.

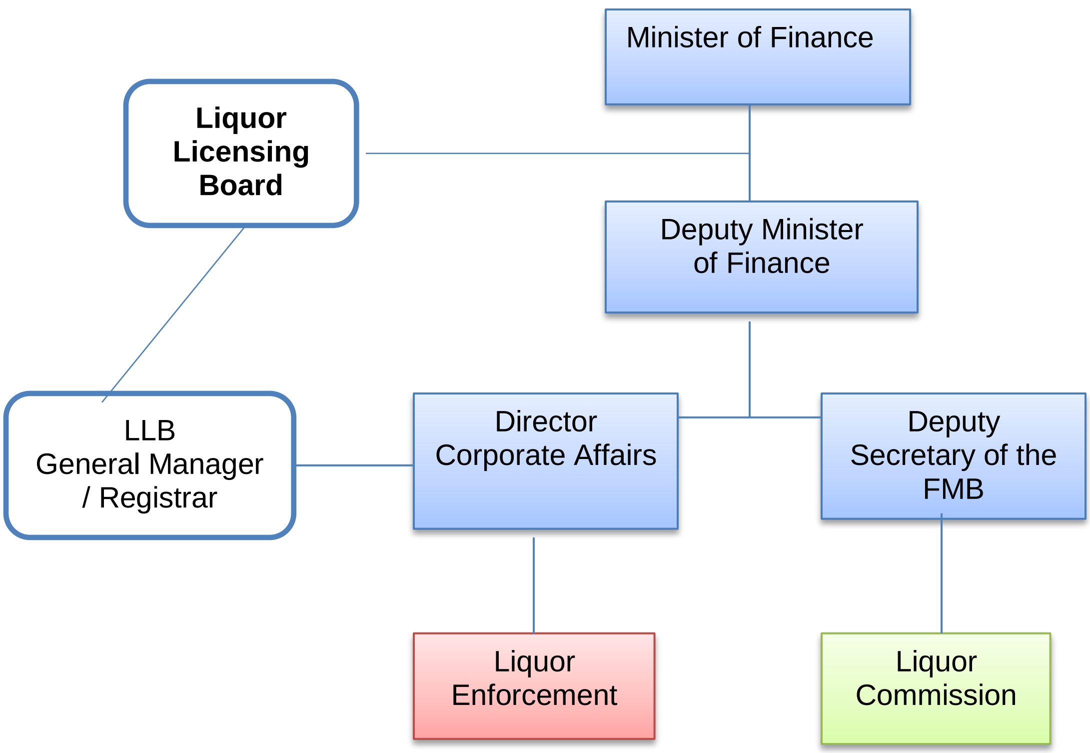
Board Members and Staff

Colin Baile – Chairperson (Yellowknife)
Adelle Guigon (Yellowknife)
Wayne Smith (Inuvik)
Heather Bourassa (Fort Good Hope)
Michael Hansen (Hay River)
Linda Martin (Fort Smith)
Jaimie Graham – General Manager / Registrar
Helene Maher – Administrative Assistant

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspections and enforcement of licensed premises
- 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 meetings and hearings during this reporting period.

Administration Meetings

Three administrative meetings were conducted focusing on identifying gaps in administrative processes, preparing suggested amendments to the Liquor *Regulations*, and orientation of new Board Members. Where possible, the Board meets by teleconference, or alternatively, in person where other business such as compliance hearings are scheduled.

Hearing of Licence Applications

The Board must consider each application for a liquor licence. Most often this is done by teleconference, however there are times the Board must meet in person and/or conduct a public hearing of the application. During this reporting period, the Board conducted 16 application hearings, one of which was a public hearing.

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, three matters were set for hearing with one proceeding. Two matters were withdrawn prior to hearing. This is a marked reduction in the number of compliance hearings from previous reporting periods.

Year	Number of Compliance Hearings
2013-2014	**7**
2014-2015	**3**
2015-2016	**1**

Board Meetings and Hearings				
Administrative	Hearing of Applications/Board Requests (Teleconferences)	Public Hearings	Compliance Hearings	Total # of Board Meetings
3	**15**	**1**	**1**	**20**

Professional Development

Board training and professional development plays an important part in assuring decisions are qualitative and fair. Similarly, interaction with other Canadian licensing authorities promotes best practices and the sharing of resources.

It is our goal for all Board Members and staff to obtain the *Foundation of Administrative Justice's* certification for tribunal members and staff. This program consists of several 1-3 day courses such as Decision-making, Evidence, and the Principles of Administrative Justice. Two Board Members have completed the certification program while other Members and staff began the training this past year.

As a member of the *Association of Liquor Authorities of Canada*, the Board Chairperson and Registrar attend biannual meetings. This presents an opportunity to exchange information and trends.

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 that holds a Liquor Licence is known as a Licence Holder.

There are six types of Liquor Licences:

Class A (liquor primary) - allows a Licence Holder to sell 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.

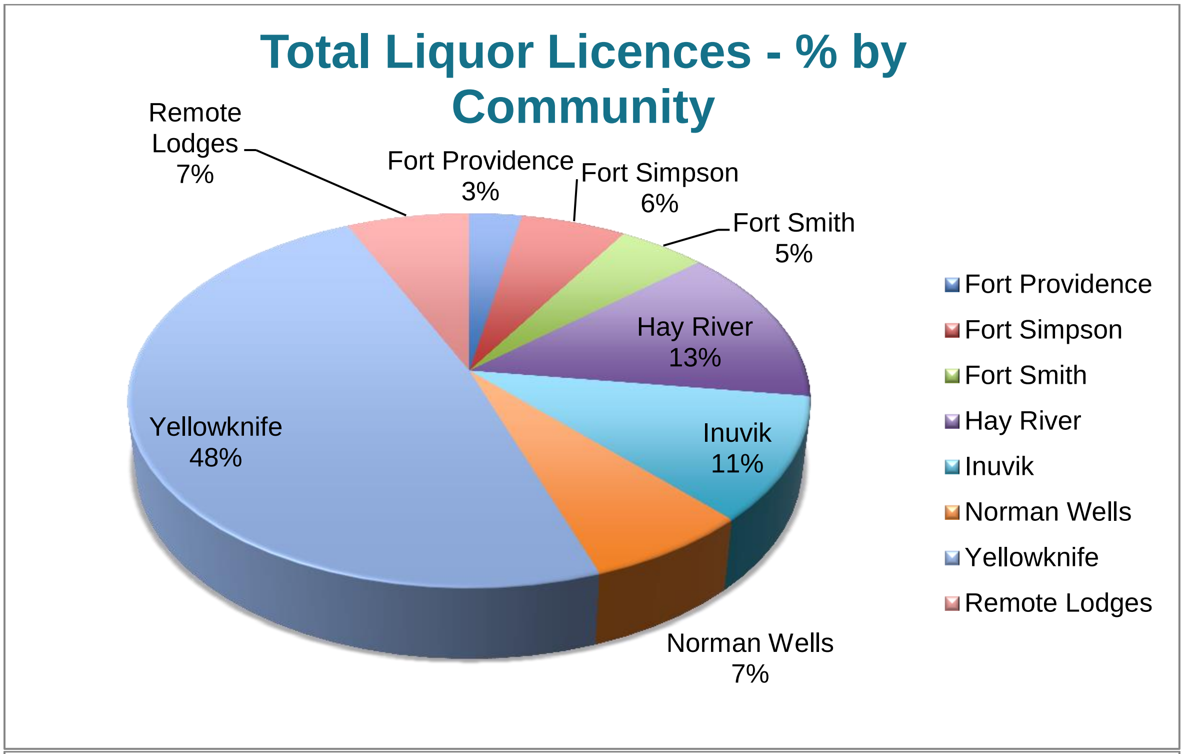
Class D (liquor incidental) - allows a Licence Holder to sell and serve liquor under one of four circumstances:

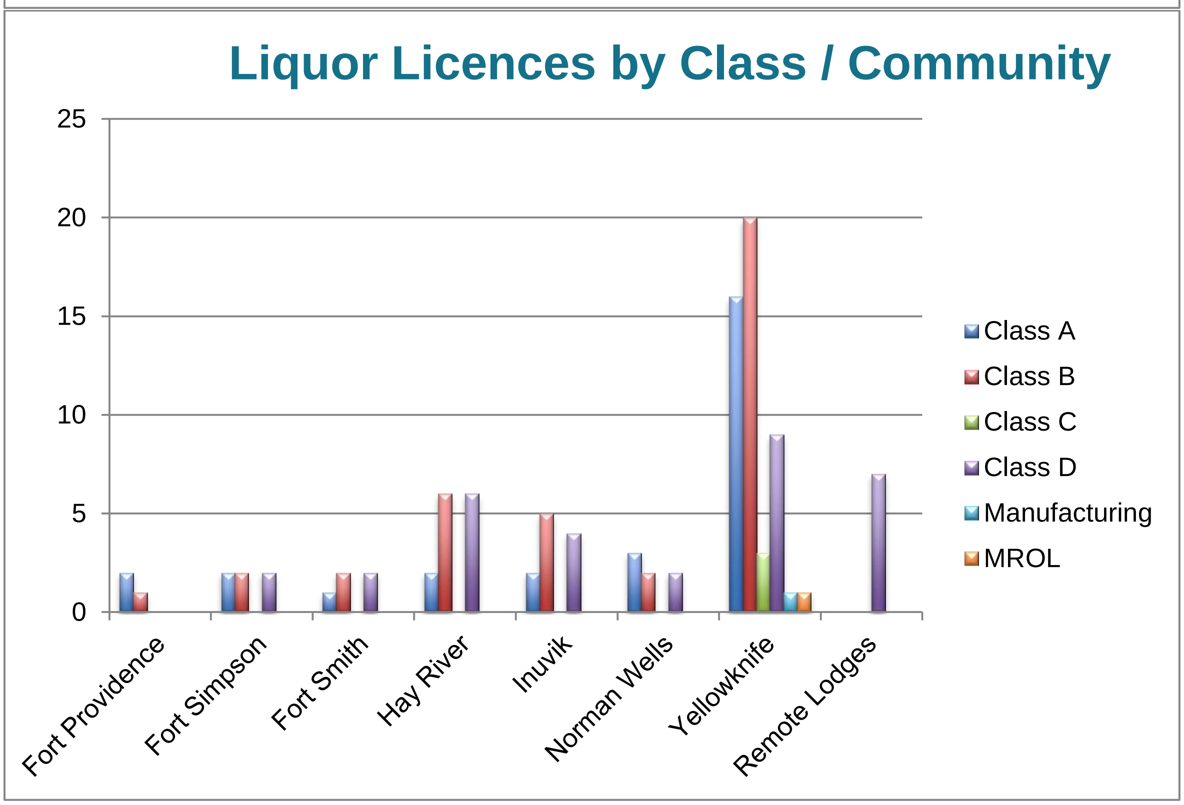
- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge and the sell or use 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.

	Class of Licence						
Community	**A**	**B**	**C**	**D**	**Manufacturing**	**Manufacturer's Retail Outlet**	**Total Licences**
Fort Providence	**2**	**1**	**0**	**0**	**0**	**0**	**3**
Fort Simpson	**2**	**2**	**0**	**2**	**0**	**0**	**6**
Fort Smith	**1**	**2**	**0**	**2**	**0**	**0**	**5**
Hay River	**2**	**6**	**0**	**6**	**0**	**0**	**14**
Inuvik	**2**	**5**	**0**	**4**	**0**	**0**	**11**
Norman Wells	**3**	**2**	**0**	**2**	**0**	**0**	**7**
Yellowknife	**16**	**20**	**3**	**9**	**1**	**1**	**50**
Other (Lodges)	**-**	**-**	**-**	**7**	**-**	**-**	**7**
Total	**28**	**38**	**3**	**32**	**1**	**1**	**103**


Total Liquor Licences - % by Community
Remote Lodges 7%
Fort Providence 3%
Fort Simpson 6%
Fort Smith 5%
Hay River 13%
Inuvik 11%
Norman Wells 7%
Yellowknife 48%
Fort Providence
Fort Simpson
Fort Smith
Hay River
Inuvik
Norman Wells
Yellowknife
Remote Lodges


Liquor Licences by Class / Community
25
20
15
10
5
0
Fort Providence
Fort Simpson
Fort Smith
Hay River
Inuvik
Norman Wells
Yellowknife
Remote Lodges
Class A
Class B
Class C
Class D
Manufacturing
MROL

Special Occasion Permits

Special Occasion Permits are issued in communities at Liquor Stores, the Department of Education, Culture and Employment's French Language Services, and the Board office. The Board oversees the issuance of Permits.
There are three types of Special Occasion Permits:

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.

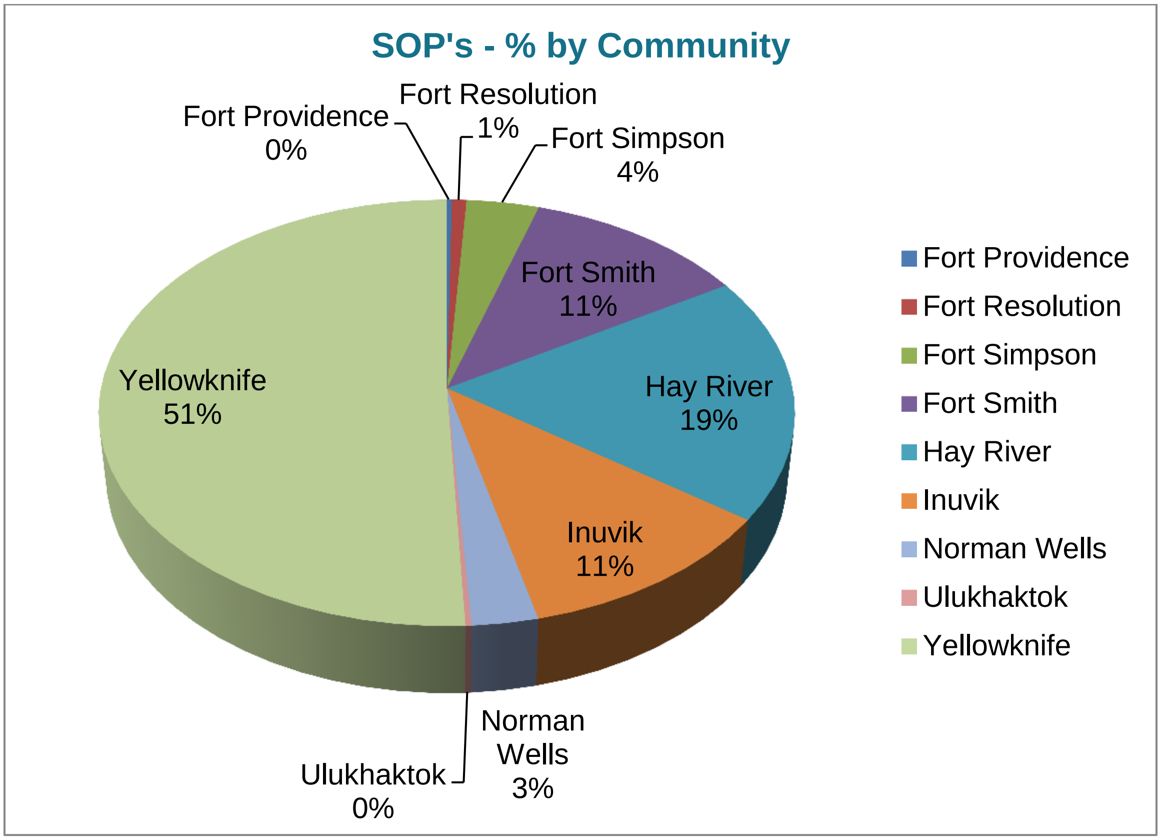
Class 2 (resale) - Anyone 19 years of age or older may apply for a Class 2 Permit. Liquor may be sold, but not for a profit. The Board sets the maximum a Permit Holder may charge for liquor. Presently that amount is $3.00 per drink. This class of permit is intended for events where the organizer wants to provide liquor but does not want to give it away. The per-drink limit is intended to offset some of these costs.

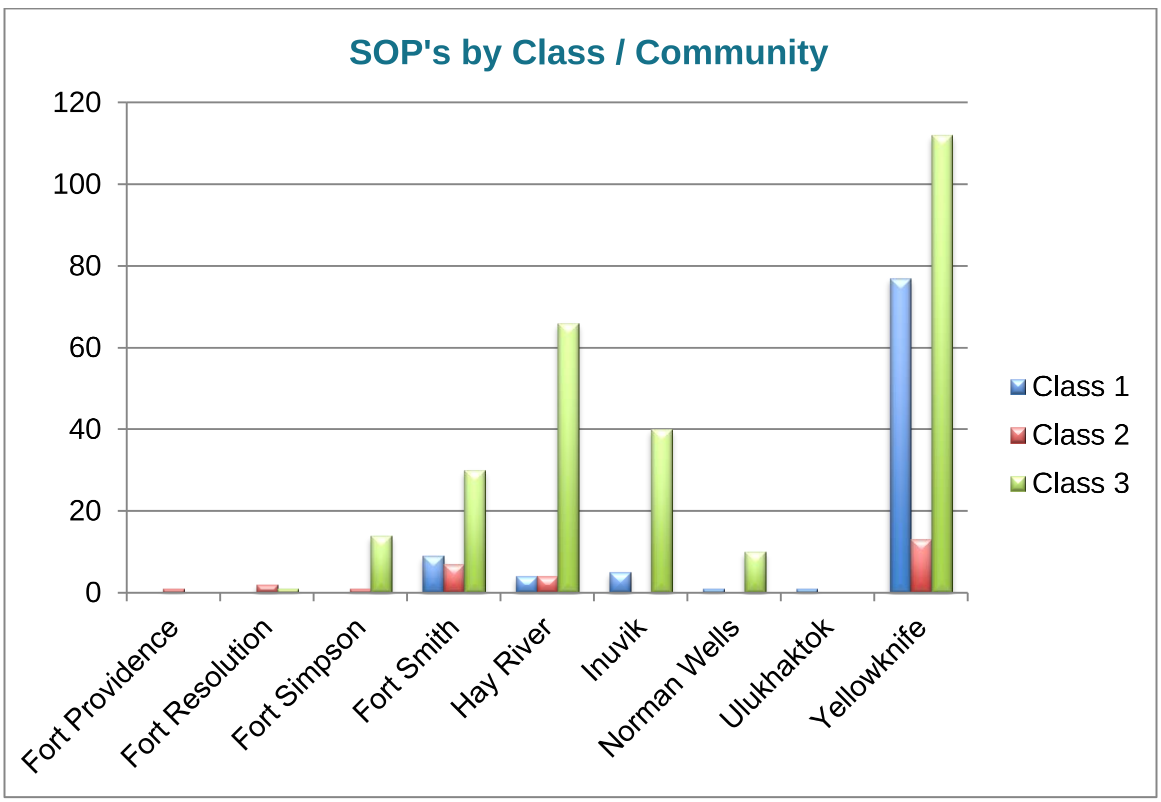
Class 3 (fundraising) - Class 3 - Resale Permits are available to organizations only, and not to individuals. Organizations that are eligible for a Class 3 permit include:

- A society incorporated under the Societies Act;
- A body incorporated under Part II of the Canada Corporations Act (non-profit);
- 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.

	Class of Permit			
Community	Class 1	Class 2	Class 3	Total Permits
Fort Providence*	**0**	**1**	**0**	**1**
Fort Resolution*	**0**	**2**	**1**	**3**
Fort Simpson	**0**	**1**	**14**	**15**
Fort Smith	**9**	**7**	**30**	**46**
Hay River	**4**	**4**	**66**	**74**
Inuvik	**5**	**0**	**40**	**45**
Norman Wells	**1**	**0**	**10**	**11**
Ulukhaktok*	**1**	**0**	**0**	**1**
Yellowknife	**77**	**13**	**112**	**202**
Total	**97**	**28**	**273**	**398**
***Permits for Fort Providence, Fort Resolution and Ulukhaktok are issued from Hay River.**				


SOP's - % by Community
Fort Providence 0%
Fort Resolution 1%
Fort Simpson 4%
Fort Smith 11%
Hay River 19%
Inuvik 11%
Norman Wells 3%
Ulukhaktok 0%
Yellowknife 51%
Fort Providence
Fort Resolution
Fort Simpson
Fort Smith
Hay River
Inuvik
Norman Wells
Ulukhaktok
Yellowknife


SOP's by Class / Community
120
100
80
60
40
20
0
Fort Providence
Fort Resolution
Fort Simpson
Fort Smith
Hay River
Inuvik
Norman Wells
Ulukhaktok
Yellowknife
Class 1
Class 2
Class 3

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:

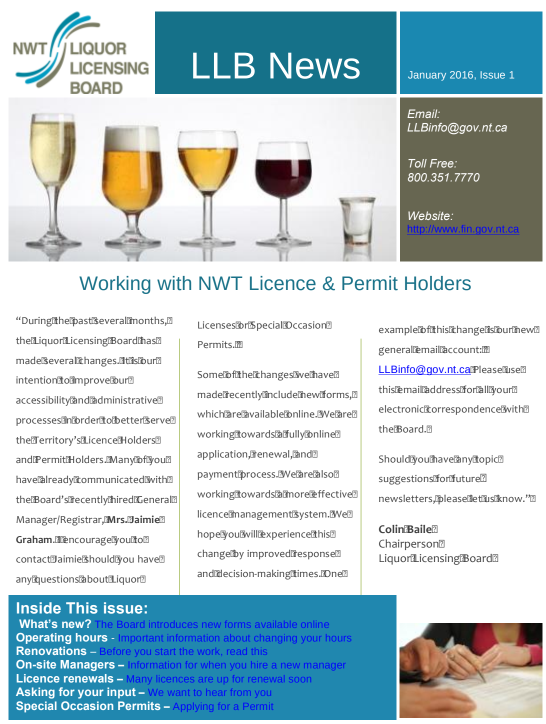
- a medical practitioner, dentist, nurse practitioner, registered midwife or a veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a health facility or nursing home.

There are presently four such Permits issued.

Board Accomplishments

During this reporting period, the Board and staff have accomplished several projects, including:

- A complete update and redesign of all Board forms;
- Board website with access to all forms and information publications;
- Conducted a Needs & Wants assessment of Permit Holders;
- Hiring of a General Manager / Registrar;
- Extensive administrative process review and reorganization;
- Developed Special Occasion Permit Guidelines;
- Approved a Statement of Direction;
- Published a newsletter for Licence and Permit Holders.



NWT LIQUOR LICENSING BOARD

LLB News

January 2016, Issue 1

Email: LLBinfo@gov.nt.ca

Toll Free: 800.351.7770

Website: http://www.fin.gov.nt.ca

Working with NWT Licence & Permit Holders

"During the past several months, the Liquor Licensing Board has made several changes. It is our intention to improve our accessibility and administrative processes in order to better serve the Territory's Licence Holders and Permit Holders. Many of you have already communicated with the Board's recently hired General Manager/Registrar, **Mrs. Jaimie Graham.** encourage you to contact Jaimie should you have any questions about Liquor Licenses or Special Occasion Permits.

Some of the changes we have made recently include new forms, which are available online. We are working towards a fully online application, renewal, and payment process. We are also working towards a more effective licence management system. We hope you will experience this change by improved response and decision-making times. One example of this change is our new general email account: LLBinfo@gov.nt.ca Please use this email address for all your electronic correspondence with the Board.

Should you have any topic suggestions for future newsletters, please let us know."

Colin Baile
Chairperson
Liquor Licensing Board

Inside This issue:
What's new? The Board introduces new forms available online
Operating hours - Important information about changing your hours
Renovations – Before you start the work, read this
On-site Managers – Information for when you hire a new manager
Licence renewals – Many licences are up for renewal soon
Asking for your input – We want to hear from you
Special Occasion Permits – Applying for a Permit

Board Intentions

There are areas of Board business for which the work to improve continues. These include:

BOARD OFFICE OPERATION	Board Intentions
Licence Holder/Special Occasion Permit information	The Board requires current, complete, and accurate information about each Licence Holder and Special Occasion Permit Holder. The absence of this information can lead to inappropriate, biased, or appealable decisions.
Board Policies	The Board will have its revised policies in place by the end of 2016.
Online Services	The Board intends to work towards a "paperless" office. This includes offering the public liquor licence application and renewal online, including acceptance of monies. In order to provide services to a broader segment of the public, the Board will also work towards online SOP applications. One of the largest elements of moving in this direction is the establishment of an integrated management software system capable of allowing for managing online services and administrative tasks.
Special Occasion Permit Issuer Program	The Board intends to establish a system of appointment recommendation and monitoring; Permit Issuer training, permit review, and greater Enforcement interaction.
STAKEHOLDER INTERACTIONS	
Licence Holders	A **quarterly newsletter** informing Licence Holders of recent compliance hearings, reminders of selected statutory obligations, reporting requirements, licence renewal information, and Enforcement issues. **Regular meetings** for the informal exchange of information. Being an adjudicative tribunal, the Board must be careful in the nature of this exchange. The Board cannot be seen to be "pre-judging" issues, which may come before it. There is merit however to giving Licence Holders the opportunity to discuss issues with the Board. Meetings will likely start with semi-annual meetings in Yellowknife (where the majority of Licence Holders operate). Meeting could be webcasted for Licence Holders in other communities.
Major Permit Applicants	**Contact** major permit applicants several months prior to their anticipated annual event with permit application information. **Expand the contact list** in order to make regular proactive contact with organizations, which have repeatedly applied for a liquor permit or have sponsored large events.

Board Office

The Liquor Licensing Board office is located in Hay River, Northwest Territories.

The Board office is staffed by one full-time General/Manager and one part-time 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
Website: www.fin.gov.nt.ca/services/liquor/liquor-licensing-board

Appendix – Liquor Enforcement

Liquor Enforcement is not a part of the Liquor Licensing Board.
This appendix is intended for reporting purposes only and should be considered an independent report. Information requests regarding Liquor Enforcement should be directed to their office.

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 superintending 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	**2014 - 2015**
Fort Providence	2	1
Fort Simpson	0	3
Fort Smith	183	47
Hay River	131	133
Inuvik	144	164
Norman Wells	32	71
Yellowknife	591	802
TOTAL	**953**	**1221**

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	2014 - 2015
Fort Providence	12	12
Fort Simpson	0	0
Fort Smith	8	8
Hay River	54	59
Inuvik	0	0
Norman Wells	0	0
Yellowknife	283	160
Total	**357**	**239**

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*	

*These communities have licensed premises and/or liquor store/liquor warehouses.

RESTRICTED COMMUNITIES INCLUDE

Déline	Fort McPherson	Ulukhaktok
Dettah	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.

Dettah

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

Behchokö	Nahanni Butte	Whatì
Gamètì	Tsiigehtchic	Wekweètì
Lutsel'Ke		

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 1st, 2015 and March 31st, 2016 the Minister approved the following Temporary Prohibition Orders:

Community	**Event**	**Duration**
Tuktoyaktuk	2015 Beluga Jamboree	14- 20th April, 2015
Fort Good Hope	2015 Rampart Rendezvous	6-10th August, 2015
Fort Resolution	2015 Cultural Awareness Week	11-19th August, 2015
Paulatuk	2015 Iqalukpik Jamboree	12-18th August, 2015
Tulita	2nd Annual Hand-Games Tournament	30 Aug - 7 Sept. 2015

Communities are sent an information package in May of each year with instructions on how to apply for a Temporary Prohibition Order.

In requesting a Temporary Prohibition Order the municipality, settlement or band must send their request to the Minister no later than fifteen (15) days prior to the event.

If the Minister considers it appropriate in the circumstances, he may accept a request for a temporary prohibition order that is received less than 15 days before the commencement of the temporary prohibition if the request was unable to be given within the 15 day period because the event requiring the order is a crisis or an event that was not reasonably foreseeable prior to the 15 day period.

For greater certainty, the regulations stipulate that a failure to adequately plan for the request in a timely fashion does not constitute a reason to waive the 15 day period.

Liquor Enforcement assists communities in identifying Community Status Options for their unique needs. Choices are Unrestricted, Restricted and Prohibited. Status options and changes in status options are community driven by way of plebiscite. 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. All legitimate expenses incurred by a plebiscite are managed by Liquor Enforcement and paid through the Revolving Fund.

During 2015 – 2016 there were no requests for plebiscites.

Audited Financial Report Statements

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Financial Statements

Year ended March 31, 2016

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Index to Financial Statements

March 31, 2016

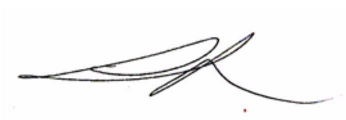
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.



Colin Baile
Chairperson, NWT Liquor Licensing Board
August 29, 2016

Chris Polselli CPA, CA
5 Deer Park Point
Spruce Grove, AB, T7X 4N6

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, 2016, 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, 2016, 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.

CHARTERED
PROFESSIONAL
ACCOUNTANT

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.

August 29, 2016
Spruce Grove, Canada

CHARTERED PROFESSIONAL ACCOUNTANT

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Financial Position

As at March 31 ($000)		**2016**		**2015**
Financial Assets				
Accounts receivable	$	2	$	-
Pension and other employee benefits (note 4)		15		-
Due from NWT Liquor Commission (note 3)		271		201
		288		201
Financial Liabilities				
Accounts payable		274		169
Pension and other employee benefits (note 4)		-		12
Deferred revenue		16		23
		290		204
Net debt		(2)		(3)
Non-financial Assets				
Prepaid Expenses		2		3
Accumulated surplus	$	-	$	-

Contractual obligations (note 7).

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

Approved by the Northwest Territories Liquor Licensing Board:

Colin Baile
Chairperson, Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Operations

For the year ended March 31, ($000)	2016 Budget	2016 Actual	2015 Actual
Revenue			
License fees and permits	$ 112	$ 122	$ 375
Government contribution – services provided without charge (note 6)	-	7	11
	112	129	386
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	486	490	379
Honoraria	67	71	34
Inspector's fees	47	47	45
Rent	43	43	72
Travel	30	40	25
Professional fees	17	35	20
Administration	33	29	26
	723	755	601
Annual loss	$ (611)	$ (626)	$ (215)

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)	2016	2015
Accumulated surplus, beginning of year	$ -	$ -
Annual loss	(626)	(215)
Amounts transferred from the NWT Liquor Commission	626	215
Increase (decrease) in accumulated surplus	-	-
Accumulated surplus, end of year	$ -	$ -

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Changes in Net Debt

For the year ended March 31 ($000)	2016 Budget	2016 Actual	2015
Net debt, beginning of the year	$ (3)	$ (3)	$ -
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	1	(3)
Net debt, end of year	$ (3)	$ (2)	$ (3)

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Cash Flows

For the year ended March 31, ($000)		2016		2015
Operating transactions				
Cash received from customers	$	113	$	383
Cash paid to employees and suppliers		(669)		(525)
Cash provided by operating transactions		(556)		(142)
Financing transactions				
Cash transferred from the NWT Liquor Commission		556		142
Decrease in cash		-		-
Cash, beginning of year		-		-
Cash, end of year	$	-	$	-

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 ($000)

1. Authority and operations

The Northwest Territories Liquor Licensing Board (the “Board”) was established under the *Liquor Act* (the "Act") for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The Minister appoints a member of the Public Service to be the Executive Secretary to the Board. Liquor Enforcement is separate from the Liquor Licensing Board and is managed by different staff. The Liquor 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, 2016, the Fund’s assets exceeded the liabilities by $3,752 (2015 – $3,077).

Neither the Commission nor the Board are separate legal entities apart from the Department of Finance of the GNWT and neither are subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered 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.

2. Significant accounting policies (continued)

(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 Board.

(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 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 is accounted for in 2015 comparative figures.

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.

March 31, 2016 ($000)

4. Pension and other employee benefits

a) Pension benefits

The employees of the Liquor Board & Enforcement participate in the public service pension plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. Contributions are required by both the employees and the Board & Enforcement. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees’ required contribution. As of March 31, 2016, the employer contribution rates for employees hired before January 1, 2013 is 1.15 (2015 - 1.28) times employee’s contributions. The employer’s contribution rate for employees hired after January 1, 2013 is 1.21 (2015 - 1.28) times employee’s contributions.

The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Board & Enforcement's employees' contributions to the Plan for the year were as follows:

	2016	2015
Employer's contributions (recognized as expense)	$ 30	$ 38
Employee's contribution	38	27

March 31, 2016 ($000)

4. Pension and other employee benefits, continued

b) Other employee benefits

	2016			2015		
	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	$ 8	4	$ 12	$ 28	$ -	$ 28
Current period benefit cost (note 1)	0	4	4	7	24	31
Accuarial Gains	(2)	21	20	-	-	-
Accretion in liability	0	0	0	1	-	1
Benefits paid during the year	(6)	(25)	(31)	(28)	(20)	(48)
	0	5	5	8	4	12
Unamortized net acturial gain (loss)	2	(21)	(20)	-	-	-
Accrued benefit obligation (asset), end of the year	$ 2	(17)	$ (15)	$ 8	$ 4	$ 12

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 one quarter days 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, 2016 for the Board’s other employee future benefit plans using the projected benefits method prorated on services.

The actuarial valuation at March 31, 2016 reflects management’s best estimate based upon a number of future orientated assumptions including:

March 31, 2016 ($000)

4. Pension and other employee benefits, continued

	2016	2015
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.2%	2.5%
Expected average remaining service life of related employee groups (EARSL)	8.6	8.8
Expected age at termination	58.3	58.6

Time of expected payments for other employee benefits are as follows:

2018	$ 1
2019	1
2020	1
2021	-
2022 and beyond	-
	$3

5. Expenses

(a) As explained in note 1, the liquor enforcement activities are included in total expenses as follows:

For the year ended March 31, ($000)		Enforcement		
		2016		2015
Expenses (notes 6 and 7)				
Salaries, wages and employee benefits	$	281	$	225
Inspector's Fees		36		45
Rent		25		42
Travel		10		4
Professional Fees		10		-
Honoraria		-		-
Other		8		16
		370		332
Annual loss	$	(370)	$	(332)

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 $490 (2015 - $379) related to salaries, wages, and employee benefits for the Board's employees and $71 (2015 - $34) 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 $7 (2015 - $11). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is $52 (2015 - $104) for salaries, wages, employee benefits, and honorariums.

March 31, 2016 ($000)

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:

2016/17	$ 32
2017/18	$ 31
2018/19	$ 31
2019/20	$ 31
2020/21	$ 31

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, 2016

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. 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.

Derrick Briggs, Director
Fuel Services Division
Yellowknife, Northwest Territories
June 22, 2016

Fuel Services Division

Financial Statements

March 31, 2016

Page

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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, 2016, 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.

Crowe MacKay

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, 2016 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

Chartered Accountants

Yellowknife, Northwest Territories
June 22, 2016

Fuel Services Division

Statement of Financial Position

As at March 31,	**2016**	2015
Financial Assets		
Accounts receivable (note 4)	$ 12,192,927	$ 13,098,875
Inventories for resale (note 5)	24,279,582	26,453,417
	36,472,509	39,552,292
Liabilities		
Accounts payable and accrued liabilities (note 6)	7,104,495	5,704,637
Employee benefits payable	239,433	229,069
Due to the Government of the Northwest Territories (note 7)	28,519,252	32,827,745
	35,863,180	38,761,451
Net Financial Resources (Debt)	**609,329**	790,841
Accumulated Surplus (Deficit)	$ **609,329**	$ 790,841

Commitments (note 13)

Approved:

Derrick Briggs, Director

Trevor Ryhorchuk, Comptroller

Fuel Services Division

Statement of Changes in Net Financial Resources (Debt)

March 31,		2016		2015
Annual surplus (deficit)	$	(181,512)	$	892,686
Change in prepaid expenses		-		1,198
Increase in net financial resources (debt)		**(181,512)**		893,884
Net financial resources (debt), beginning of year		**790,841**		(103,043)
Net financial resources, end of year	$	**609,329**	$	790,841

See accompanying notes and schedules

Fuel Services Division

Statement of Operations

For the year ended March 31,	2016	2015
Revenues		
Sales of petroleum products (note 10)	$ **53,194,231**	$ 55,821,030
Cost of sales		
Cost of goods sold	**45,544,854**	48,688,981
Commissions	**2,557,620**	2,440,408
	48,102,474	51,129,389
Gross margin	**5,091,757**	4,691,641
Expenditures		
Bad debts	**86,113**	10,430
Contracts and purchased services	**719,091**	626,980
Inventory write-off	**140,373**	90,782
Operating and maintenance costs	**467,061**	274,896
Miscellaneous	**55,340**	89,531
Salaries, wages and employee benefits	**2,066,924**	1,956,750
Travel	**362,985**	309,945
Utilities	**450,699**	443,502
	4,348,586	3,802,816
Excess of revenues over expenditures before other items	**743,171**	888,825
Other expenses (revenue)		
Other expenses (revenue) (note 8)	**924,683**	(3,861)
Grant-in-kind, Government assets provided at no cost (note 9)	**(2,193,257)**	(2,723,034)
Financing charges (note 9)	**332,478**	570,831
Tangible capital assets - rent expenses (note 9)	**1,860,779**	2,152,203
	924,683	(3,861)
Excess (deficiency) of revenues over expenditures	$ **(181,512)**	$ 892,686

Fuel Services Division

Statement of Accumulated Surplus (Deficit)

March 31,		2016		2015
Stabilization fund, beginning of year	$	790,841	$	(101,845)
Annual surplus (deficit)		(181,512)		892,686
Total Accumulated Surplus (Deficit)	**$**	**609,329**	$	790,841

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, 2016 is a surplus of $609,329 (2015 - surplus of $790,841).

2. Significant accounting policies

These financial statements are 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.

(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 8.

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 $147,514 (2015 - $152,574) to the plan which was recognized as an expense while employees contributed $118,675 (2015 - $129,173). 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, they also accept responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites.

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.

On occasion, the Fund enters into derivative contracts to mitigate risks associated with price risk. The Fund does not designate these contracts as hedging items and accordingly accounts for them as freestanding derivatives whereby they are measured at fair value without adjustment for transaction costs. Changes in fair value are recognized in earnings in the period such changes are recorded. The Fund did not hold derivatives at March 31, 2016.

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.

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.

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.

3. **Future changes to significant accounting policies (continued)**

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**

	2016	2015
Commercial and Private Customers	$ **2,595,147**	$ 2,254,666
Territorial and Municipal Housing Authorities	**2,098,770**	1,669,435
Government of the Northwest Territories		
Departments and Agencies	**552,135**	749,536
Northwest Territories Power Corporation	**7,002,389**	8,722,085
Government of Canada	**(2,486)**	21,739
	12,245,955	13,417,461
Less: Allowance for doubtful accounts	**53,028**	318,586
	$ **12,192,927**	$ 13,098,875

5. **Inventories for resale**

	2016	2015
Diesel	$ **20,151,945**	$ 21,665,359
Gasoline	**3,446,070**	3,961,625
Jet A1	**632,849**	766,625
Naphtha	**48,718**	59,808
	$ **24,279,582**	$ 26,453,417

Inventory in the amount of $45,544,854 (2015 - $48,688,981) was expensed during the year.

6. **Accounts payable and accrued liabilities**

		2016		2015
Commissions	$	**219,957**	$	214,724
Government remittances		**535,524**		328,689
Petroleum products		**5,144,420**		4,462,431
Trade payables		**1,204,594**		198,793
Offer in settlement of NTCL dispute		**-**		500,000
	$	**7,104,495**	$	5,704,637

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:

		2016		2015
Balance, beginning of year	$	**32,827,745**	$	33,630,169
Plus: Payments made by the Government				
Purchases of petroleum products		**45,928,640**		45,969,287
Other cash disbursement		**2,938,362**		4,549,877
Less: Cash received by the Government		**(53,175,495)**		(51,321,588)
	$	**28,519,252**	$	32,827,745

8. Other expenditures (revenues)

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 balance consists of the following:

		2016
Other expenditures:		
NTPC - payment related to pricing	$	912,116
NTPC - payment related to adjusted operations levy (2015)		46,366
Retroactive payment of commissions		62,483
Training costs related to LNG contract		14,562
Incident costs related to LNG contract		86,982
		1,122,509
Other revenue:		
Recovery of training costs related to LNG contract		(14,562)
Recovery of incident costs related to LNG contract		(86,982)
Chargeback revenue for inventory variances		(65,313)
Recovery of prior year expenditures		(20,948)
Other		(10,021)
		(197,826)
	$	**924,683**

9. Grant in kind

Financing charges
Management estimated that the Fund required up to $45 million in working capital with an estimated financing cost of $332,478 for the year. (For 2015 they were $50 million and $570,831 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.

Tanglible 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	2016	2015
Fuel storage facilities	$ **61,563,158**	$ 24,171,683	$ 37,391,475	$ 37,950,724
Fuel delivery vehicles	**4,257,891**	2,707,161	1,550,730	1,264,245
Construction in process	**127,287**	-	127,287	1,070,386
Buildings	**504,036**	46,303	457,733	-
	$ **66,452,372**	$ 26,925,147	$ 39,527,225	$ 40,285,355

Amortization expense for 2016 is $1,860,779 (2015 - $2,152,203).

10. Sales of Petroleum Products

	2016	2015
Commercial / Private	$ 9,896,910	$ 10,745,876
Territorial Municipalities and Housing Associations	6,083,323	6,920,476
Government of the Northwest Territories		
Northwest Territories Power Corporation	34,330,068	34,995,568
Departments and Agencies	2,724,755	2,972,499
Government of Canada	159,175	186,611
	$ **53,194,231**	$ 55,821,030

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.

13. Comparative amounts

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

14. Commitments

Fuel resupply contracts

The Government established a long-term contract with Northern Transportation Company Limited (NTCL) for the supply and delivery of bulk petroleum products to communities served by marine transport effective May 25, 2016. The contract will terminate in December 2016.

The Government routinely enters into contracts with Bluewave Energy Ltd. for the supply and transportation of bulk petroleum destined for delivery to communities served by road by tanker truck; the carrier for these contracts is Bassett Petroleum Ltd. There are varying contracts with different termination dates; the most recent contract terminates in July 2016 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 value of this commitment is estimated at $4,795,037 as follows:

2017	$ 1,815,018
2018	1,409,823
2019	1,160,822
2020	356,594
2021	52,780
	$ 4,795,037

The Fund paid $2,557,620 (2015 - $2,440,408) in commissions to local contractors in the 16 communities that they serve.

15. 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) 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 $12,192,927 (2015 - $13,098,875). Financial assets consist of accounts receivable. All financial assets are considered current and mature within 6 months. At March 31, 2016, the Fund's management has determined that a portion of accounts receivable is impaired. Management's assessment was based on specific identification and age of receivables.

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, 2016, receivables from three customers comprised 59% of the total outstanding accounts receivables (2015 - 69%). The Fund reduces this risk by monitoring overdue balances.

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

15. Risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of $35,623,747 (2015 - $38,532,382). Financial liabilities consist of accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. All financial liabilities are considered current and mature within 6 months.

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

(c) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates. The Fund also enters into derivatives in the form of commodity swaps or cash settlement agreements to further mitigate this risk. The derivative transactions are guided by the Fund's hedging strategy, policy, and procedures, including oversight by the Petroleum Product Derivatives Risk Management Committee.

PUBLIC STORES REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2016

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 2016						
Public Stores	Balance March 31, 2015	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2016
Yellowknife	149,950	85,243	(98,914)			136,278
Total	149,950	85,243	(98,914)	0	0	136,278

V. McCormick May 30/16

Vince McCormick, Director of Corporate Services

5/30/2016

Environment Fund

Financial Statements

March 31, 2016

Environment Fund

Financial Statements

March 31, 2016

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.

Erin Kelly for

Ernie Campbell, Deputy Minister,
Department of Environment and Natural Resources

Susan Craig, Director Finance and Administration,
Department of Environment and Natural Resources

July 6, 2016

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Independent Auditors' Report

To the Minister of the 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, 2016, 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.

Crowe MacKay

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.

Salaries and benefits paid to employees of the Authority 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 salaries and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to wages and benefits expenditures, liabilities and net assets.

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, 2016 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Crowe MacKay LLP

Yellowknife, Canada
July 6, 2016

Chartered Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	2016	2015
	$	$
Revenues		
Beverage container program	**5,105,248**	4,994,935
Recoveries	**52,419**	35,017
Salvage	**283,889**	345,175
Single-use retail bag program	**646,586**	561,857
	6,088,142	5,936,984
Expenditures		
Advertising and promotion	**78,986**	21,154
Contract service - miscellaneous	**11,475**	94,838
Contract service - satellite depots	**99,291**	81,292
Depot handling fee	**677,034**	641,143
E-waste fee	**87,070**	21,000
Equipment, supplies and maintenance	**104,640**	193,378
Freight	**348,537**	337,863
Grants and contributions	**203,567**	259,271
Insurance	**12,314**	4,125
Memberships	**6,030**	8,091
Office	**11,286**	17,127
Processing centre handling fee	**611,731**	566,160
Professional fees	**101,148**	60,311
Refundable deposit fee	**3,252,653**	2,805,887
Storage	**90,450**	81,894
Travel and training	**36,733**	31,554
Wages and benefits (note 4)	**817,797**	198,388
	6,550,742	5,423,476
Excess (deficiency) of revenues over expenditures before other income	**(462,600)**	513,508
Other income		
Interest	**32,677**	41,849
Excess (deficiency) of revenues over expenditures	**$ (429,923)**	$ 555,357

Environment Fund

Statement of Changes in Fund Balances

For the year ended March 31, 2016

	Unrestricted	Equipment replacement reserve	**Total 2016**	Total 2015
	$	$	**$**	$
Balance, beginning of year	2,032,514	493,942	**2,526,456**	1,971,099
Excess (deficiency) of revenues over expenditures	(429,923)	-	**(429,923)**	555,357
Transfers (Note 2c)	(11,917)	11,917	**-**	-
Balance, end of year	**1,590,674**	**505,859**	**2,096,533**	2,526,456

Environment Fund

Statement of Financial Position

March 31,	2016	2015
	$	$
Financial Assets		
Accounts receivable	**1,143,085**	747,323
Due from Treasury (note 5)	**2,153,279**	3,110,971
Loans receivable	**472**	472
	3,296,836	3,858,766
Liabilities		
Accounts payable and accrued liabilities	**427,115**	559,122
Unredeemed container liability (note 6)	**773,188**	773,188
	1,200,303	1,332,310
Net financial assets	**$ 2,096,533**	$ 2,526,456
Fund balances		
Unrestricted	**1,590,674**	2,032,514
Equipment replacement reserve	**505,859**	493,942
	2,096,533	2,526,456

Approved on behalf of the fund:

Erin Kelly A/ Deputy Minister

Director, Finance and Administration

Environment Fund

Notes to the Financial Statements

March 31, 2016

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

The Beverage Container Program, which came into effect November 1, 2005, is one of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Single Use Retail Bag Program, which came into effect January 15, 2010, is currently the second of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Electronics Recycling Program, which came into effect on February 1, 2016, is currently the third of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Department of Environment and Natural Resources advised it will be examining other waste reduction and recovery programs that could, in the future, to become part of the Fund.

2. Significant 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) Revenue recognition

Beverage Container Program revenue, Single-use Retail Bag Program, and Electronics Recycling Program revenue is recognized when beverage containers, single use retail bags or electronics are sold by distributors to retailers. Recoveries and salvage revenue from recycled materials are recognized when cash is received.

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 2016 transfer is $11,917 (2015 - $59,511). 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.

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.

2. Significant accounting policies (continued)

(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.

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.

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.

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. Wages and benefits

During the prior year the Department of Environment and Natural Resources allocated funds to directly pay a significant portion of the payroll for the Fund. This was a one time reduction of wages and benefits. The details of the transaction are noted below.

	2016	2015
	$	$
Wages and benefits	**817,797**	660,339
Reduction of wages and benefits by the Department of Environment and Natural Resources	-	(461,951)
	817,797	198,388

5. Due from Treasury

The Fund is a special purpose fund as defined in subsection 1(1) of the *Financial Administration Act* that forms part of the Government of the Northwest Territories Consolidated Revenue Fund.

In April 2006, the Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances for all participants 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.

6. Expenses by program

Of the Fund's two major programs, beverage container program and single-use retail bag, only the beverage container program has direct costs associated with it in terms of depot handling fees, processing and refundable deposits. Out of the total expenses, the costs for the beverage container program total $4,206,972. Out of the total expenses, the cost for the Electronics Recycling Program totaled $87,070 for the year.

7. 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.

8. Comparative figures

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

9. 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).

10. 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.

The financial instruments of the Fund and the nature of the risks to which it may be subject are as follows:

(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, due from Treasury.

Accounts receivable are due from government agencies. 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 $1,143,557 (2015 - $747,795). 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, 2016, receivables from three customers comprised 55% of the total outstanding accounts receivables (2015 - 45%). The Fund reduces this risk by monitoring overdue balances.

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT

FINANCIAL STATEMENTS
For the Year Ended March 31, 2016

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Northwest Territories

Territoires du Nord-Ouest

Legislative Assembly

Assemblée législative

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed 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:

Jackson Lafferty, Speaker

Tim Mercer, Clerk

May 25, 2016

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INDEPENDENT AUDITORS' REPORT

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, 2016 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, 2016 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.

Ashton

Hay River, Northwest Territories
May 25, 2016

Ashton Chartered Accountants

LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	$ 6,000	$ 22,848
Accrued Interest Income	28,035	33,935
	34,035	56,783
INVESTMENTS (Note 4)	22,601,066	26,172,327
	$ 22,635,101	$ 26,229,110
LIABILITIES		
CURRENT		
Accounts Payable	$ 37,436	$ 41,550
NET ASSETS AVAILABLE FOR BENEFITS per page 2	22,597,665	26,187,559
PENSION OBLIGATIONS per page 3 (Note 5)	18,436,500	20,021,100
PENSION PLAN FUND SURPLUS	$ 4,161,165	$ 6,166,459

APPROVED

Speaker

Clerk

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2016

	2016	2015
INCREASE IN ASSETS		
Contributions:		
Members	202,968	206,031
In-Kind Contributions	6,000	6,000
	208,968	212,031
Investment Income:		
Other Receipts	829	-
Interest	350,070	302,302
Dividends	372,144	385,479
Gain on Sale of Investments	1,916,343	1,399,746
	2,639,386	2,087,527
Current Period Change in Fair Values of Investments	(2,936,979)	1,740,186
Net Investment Income	(297,593)	3,827,713
Total Increase in Assets	(88,625)	4,039,744
DECREASE IN ASSETS		
Benefits		
Pension Payments	836,555	775,456
Termination/Lump sum Payments	2,511,123	-
Total Benefits	3,347,678	775,456
Administrative		
Actuary Fees	33,868	42,186
Audit Fees	6,000	6,000
Investment Management Fees	77,236	71,581
Meeting Travel & Accommodation	1,884	8,683
Trustee Fees	34,603	34,564
Total Administrative	153,591	163,014
Total Decrease in Assets	3,501,269	938,470
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	$ (3,589,894)	$ 3,101,274
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	26,187,559	23,086,285
END OF YEAR	$ 22,597,665	$ 26,187,559

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2016

	2016	2015
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	$ 920,400	$ 934,700
Benefits accrued	813,000	776,000
	1,733,400	1,710,700
DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	$ 3,318,000	$ 773,000
Experience gains	-	-
	3,318,000	773,000
INCREASE IN PENSION OBLIGATIONS	(1,584,600)	937,700
PENSION OBLIGATIONS, BEGINNING OF YEAR	20,021,100	19,083,400
PENSION OBLIGATIONS, END OF YEAR	$ 18,436,500	$ 20,021,100
AS REPRESENTED BY		
Active Members	$ 5,723,900	$ 7,102,200
Pensioners & Terminated Members	12,712,600	12,918,900
	$ 18,436,500	$ 20,021,100

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2016

NOTE 1 DESCRIPTION OF PLAN

a) General

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act (NWT) and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance (NWT) Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held.

The Legislative Assembly Retiring Allowances Act (NWT) requires Plan members to contribute 6.5% of their pensionable remuneration and earnings to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2016

NOTE 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

Two percent of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A Member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

   A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

   A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 71.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lessor of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

NOTE 1 DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter (to a maximum total of 100%).

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The significant polices are detailed as follows:

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

b) Investments

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

c) Fair value hierarchy

The company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

e) Revenue recognition

Revenue from contributions and investment income are recognized on an accrual basis.

f) Contributed services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

g) Pension benefits

Pension benefits are shown as expenses in the year of payment.

h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting standards for pension plans 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, 2016

3. ACCOUNTS RECEIVABLE

	2016	2015
Member Contributions	$ -	$ 16,848
In-Kind Contributions- GNWT	6,000	6,000
	$ 6,000	$ 22,848

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:

	2016		2015	
	Cost	Market	Cost	Market
Cash & Cash Equivalents	101,611	101,611	474,285	474,285
Canadian Equity Mutual Funds	3,638,830	3,665,557	5,612,979	6,443,956
International Equity Mutual Funds	6,343,867	7,702,769	6,426,521	9,055,640
Temporary Investments	56,290	56,290	62,652	62,652
Canadian Fixed Income Funds	7,844,897	7,755,233	5,407,864	5,818,139
Government of Canada Bonds	1,993,345	2,719,121	2,628,822	3,691,683
Province of Ontario Bonds	430,653	600,485	430,653	625,972
	$ 20,409,493	$ 22,601,066	$ 21,043,776	$ 26,172,327

The above listed investments are managed by CIBC Mellon Global Securities and invested by MFS Investment Management Canada Limited and Connor, Clark & Lunn Investment Management Ltd. The investments will not be redeemed in the subsequent period.

4. INVESTMENTS, continued

The fair value hierarchy as described in note 2(c) requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The total investment portfolio by fair value hierarchy is as follows:

	2016	2015
Level 1	$ 22,601,066	$ 26,172,327

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, 2012.

The data and assumptions used for the March 31, 2015 obligations are the same as that used in the actuarial valuation as at April 1, 2012, with the exception of the mortality assumptions. For mortality assumptions, the table published in the CIA report: 2014 Combined Mortality Table with mortality improvement in accordance with CPM Improvement Scale B.

The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit 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.

	2016	2015
Valuation Interest Rate (net of expenses)	4.80%	4.80%
Salary Projection Rate	2.25%	2.25%
Interest Credited on Contributions	4.80%	4.80%
Inflation Rate	2.25%	2.25%

The actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

The latest actuarial valuation was conducted for the period April 1, 2012 and the related report completed in February 2013. The next actuarial valuation will be completed for April 1, 2016.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2016 has been obtained using a measurement date of January 31, 2016 by increasing the April 1, 2012 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2016

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.

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.

6. FINANCIAL INSTRUMENTS, continued

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.

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.

6. FINANCIAL INSTRUMENTS, continued

g) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

7. CAPITAL MANAGEMENT

The purpose of the Fund is to provide benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Fund with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments. The capital of the Fund consists of its surplus. Excluding the impact of investment income, the Fund is financed through member contributions. The surplus represents the difference between the net assets available for benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Fund's capital, are performed every four years following the general election. Surpluses, as well as other relevant aspects of the Plan, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the PBSA.

As at March 31, 2016, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On May 25, 2016, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2016.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2016

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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. Certified General 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.

Susan Craig

Director, Finance and Administration

July 5, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Natural Resources
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, 2016, and the Statements of Changes in Net Assets and Operations 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, 2016, and the results of its operations for the year then ended are prepared, in all material respects, in accordance with Act.

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.
Certified General Accountants
Yellowknife, NT

July 5, 2016

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2016

ASSETS

	2016	2015
CURRENT		
Cash	$ 235,981	$ 235,926
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	$ 2,000	$ 2,500
FUND BALANCES		
CAPITAL PORTION per page 2	187,828	187,828
INTEREST PORTION per page 2	46,153	45,598
	233,981	233,426
	$ 235,981	$ 235,926

Approved:

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2016

	Capital Portion	Interest Portion	Total 2016	Total 2015
BALANCE, opening	$ 187,828	$ 45,598	$ 233,426	$ 233,059
Excess of revenues over general and administrative expenses per page 3	-	555	555	367
BALANCE, closing	$ 187,828	$ 46,153	$ 233,981	$ 233,426

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2016

	2016	2015
REVENUES		
Interest income	$ 2,555	$ 2,867
GENERAL AND ADMINISTRATIVE EXPENSES		
Professional fees	2,000	2,500
EXCESS OF REVENUES OVER GENERAL AND ADMINISTRATIVE EXPENSES	$ 555	$ 367

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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.

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, 2016

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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

May 25, 2016

Brian J. Asmundson

Brian J. Asmundson

Office of the Public Trustee
10th Floor Precambrian Bldg., 4920 – 52nd Street, Yellowknife, NT X1A 2L9
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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, 2016, 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, 2016 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.
Certified General Accountants

Yellowknife, NT
May 25, 2016

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

BALANCE SHEET
March 31, 2016

ASSETS

	2016	2015
Cash (Note 3)	$5,605,479	$6,133,658
Other assets at nominal value	1	1
	$5,605,480	$6,133,659

NET ASSETS

	2016	2015
Undistributed Common Fund earnings per Statement II (Note 4)	$ 26,741	$ 34,308
Public Trustee Management Fund (Note 6)	30,643	24,997
Estate & Trust Fund per Statement III (Note 5)	5,548,096	6,074,354
	$5,605,480	$6,133,659

APPROVED:

Brian J. Asmundson

Public Trustee for the Northwest Territories

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2016

	2016	2015
Undistributed Common Fund earnings, opening	$ 34,308	$ 38,053
Add		
Common Fund earnings	60,034	65,765
Less		
Interest paid to estates and trusts (Statement III)	52,204	53,522
Excess interest paid to the Government of the Northwest Territories	-	113
Transfers to Public Trustee Management Fund (Note 6)	15,397	15,875
	67,601	69,510
Increase (decrease) in Undistributed Common Fund earnings balance	(7,567)	(3,745)
Undistributed Common Fund earnings, closing	$ 26,741	$ 34,308

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, 2016

	2016	2015
Estate & trust funds provided:		
Estate and trust assets received	$ 1,372,084	$ 1,553,477
Common Fund interest paid to estates and trusts (Statement II)	52,204	53,522
	1,424,288	1,606,999
Estate & trust funds applied:		
Payments to beneficiaries	955,805	978,067
Disbursements made on behalf of estates and trusts	861,862	663,522
Administration fees (Note 2c)	124,957	106,950
GST on Administration fees	6,248	5,346
Court fees	1,674	1,547
	1,950,546	1,755,432
Decrease in Estate & Trust Fund balance	(526,258)	(148,433)
Estate & Trust Fund balance, opening	6,074,354	6,222,787
Estate & Trust Fund balance, closing	$ 5,548,096	$ 6,074,354

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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 $124,957 (2015 - $107,063) 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.

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NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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:

	2016	2015
Common Fund	$5,548,095	$6,074,353
Other assets, at nominal value	1	1
	$5,548,096	$6,074,354

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	2016	2015
Public Trustee Management Fund balance, opening	$24,997	$18,872
Add		
Management fees paid to the Public Trustee out of the excess interest earned	15,396	15,875
Less		
Costs incurred in respect of the annual audit	(9,750)	(9,750)
Public Trustee Management Fund balance, closing	$30,643	$24,997

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 LOANS REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2016

Government of the Northwest Territories
Student Loan Revolving Fund
Statement of Operations
for the year ended March 31, 2016 **(thousands of dollars)**

		2016		2015
Loans Receivable, opening balance	$	40,632	$	39,502
Loans granted during the year	$	5,719	$	6,036
	$	**46,351**	$	**45,538**
Less:				
Principal amount of loans repaid	$	(3,366)	$	(3,506)
Principal amount of loan forgiveness	$	(125)	$	-
Principal amount of loan remissions	$	(907)	$	(1,400)
Loans Receivable, closing balance	$	41,953	$	40,632
Less:				
Allowance for remissable and doubtful loans	$	(19,247)	$	(17,998)
Net Loans Receivable, closing balance	**$**	**22,706**	**$**	**22,634**

Effect of Student Loan Revolving Fund on Government Operations

		2016		2015
Interest earned and credited to general revenues	$	367	$	406
Less:				
Collection agency fees	$	(21)	$	(19)
Estimated provision for remission and doubtful accounts	$	(2,282)	$	(2,414)
Operating deficiency for the year	**$**	**(1,936)**	**$**	**(2,028)**

Approved:

David Stewart
Deputy Minister
Department of Education, Culture and Employment

Marissa Martin
Director, Finance and Capital Planning
Department of Education, Culture and Employment

TERRITORIAL COURT JUDGES REGISTERED PENSION PLAN FUND
Yellowknife, NT

FINANCIAL STATEMENTS

For the Year Ended January 1, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The Accounting firm of Avery, Cooper & Co. Ltd., Certified General Accountants, annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. 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 Government of the Northwest Territories Department of Justice.

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

Ms. Sylvia Haener
Deputy Minister

Merodi Bolstad
Witness

April 13, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Territorial Court Judges Registered Pension Plan Fund

We have audited the accompanying financial statements of Territorial Court Judges' Registered Pension Plan Fund, which comprise the Statement of financial position as at January 1, 2016, 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 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.

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 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 in our audit 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 Territorial Court Judges' Registered Pension Plan Fund as at January 1, 2016, and the changes in its net assets available for benefits, and changes in pension obligations in accordance with Canadian accounting standards for pension plans.

Avery Cooper & Co. Ltd.

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

April 13, 2016

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

STATEMENT OF FINANCIAL POSITION
January 1, 2016

	2016	2015
ASSETS		
CURRENT		
Contributions Receivable - GNWT (Note 3)	$ 31,469	$ 12,873
Contributions Receivable - Members	7,312	-
	38,781	12,873
INVESTMENTS (Note 4)	5,636,568	5,529,723
	$ 5,675,348	$ 5,542,596
LIABILITIES		
CURRENT		
Accounts Payable & Accrued Liabilities (Note 3)	$ 21,772	$ 19,699
NET ASSETS AVAILABLE FOR BENEFITS per page 2	5,653,576	5,522,896
PENSION OBLIGATIONS per page 3 (Note 5)	6,812,900	6,560,600
DEFICIENCY		
PENSION PLAN FUND DEFICIT per page 2	$ (1,159,324)	$ (1,037,704)

APPROVED

______________________ Deputy Minister

See the accompanying notes.

TERRITORIAL COURT JUDGES' REGISTERED
PENSION PLAN FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended January 1, 2016

	2016	2015
INCREASE IN ASSETS		
Contributions		
Current Service Cost	$ 80,273	$ 77,227
Members	65,508	62,098
In-Kind Contributions	18,601	38,560
	164,382	177,885
Investment Income		
Interest & Dividends	414,009	369,118
Gain on Sale of Investments	76,573	69,521
	490,582	438,639
Current Period Change in Fair Value of Investments	(174,956)	189,125
Net investment income	315,626	627,764
Total Increase in Assets	480,008	805,649
DECREASE IN ASSETS		
Benefits		
Pension Payments	283,327	278,702
Administrative		
Actuary Fees	8,133	28,506
Audit Fees	10,469	10,054
Investment Management Fees	28,559	27,452
Trustee Fees	18,842	12,908
	66,002	78,920
Total Decrease in Assets	349,329	357,622
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	$ 130,679	$ 448,027
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	5,522,896	5,074,869
END OF YEAR per page 1	$ 5,653,575	$ 5,522,896
CHANGES IN PENSION PLAN FUND DEFICIT BEGINNING OF YEAR	$ (1,037,703)	$ (777,630)
Increase in net assets available for benefits	130,679	448,027
Increase in pension obligations per page 3	(252,300)	(708,100)
Net change	(121,621)	(260,073)
END OF YEAR per page 1	$ (1,159,324)	$ (1,037,703)

See the accompanying notes.

TERRITORIAL COURT JUDGES' REGISTERED
PENSION PLAN FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended January 1, 2016

	2016	2015
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	$ 313,400	$ 301,900
Benefits accrued	227,600	219,200
Changes in mortality assumption	-	469,300
	541,000	990,400
DECREASE IN PENSION OBLIGATIONS		
Benefits paid	288,700	282,300
INCREASE IN PENSION OBLIGATIONS	252,300	708,100
PENSION OBLIGATIONS, BEGINNING OF YEAR	6,560,600	5,852,500
PENSION OBLIGATIONS, END OF YEAR	$ 6,812,900	$ 6,560,600

See the accompanying notes.

TERRITORIAL COURT JUDGES' REGISTERED PENSION PLAN FUND

NOTES TO THE FINANCIAL STATEMENTS
January 1, 2016

1. DESCRIPTION OF PLAN

a) General

The Fund for the Territorial Court Judges Registered Pension Plan (the Plan) represents the assets of the registered defined benefit plan covering 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 is registered under the Income Tax Act, but it is not subject to any provincial or federal pension standards legislation. 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 Court Judge appointed after the effective date participates in the Plan, unless the Judge objects on the basis of religious belief.

b) The following description of the Territorial Court Judges' Pension Plan Fund is a summary only. For more complete information, reference should be made to the Plan Regulations.

1) 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 (See Note 5).

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 requirements of section 8 of the Judges' Pension Plan Regulations.

2) Normal Retirement Age

A Judge may retire on or after attainment of age 60 without reduction in pension.

3) 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.

4) 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.

1. **DESCRIPTION OF PLAN, continued**

5) 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.

6) 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 average 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.

7) 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 pro-rated 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 increases.

8) 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. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They 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.

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.

(b) Fair value hierarchy

The Fund classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the Fund can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

(c) 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 the fair value of investments based on information supplied by the investment manager.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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. Purchases and sales of investments are accounted for at trade date.

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

(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. Deferred revenue results from contributions for future periods invoiced in advance. 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.

(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 accounting standards for pension plans 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.

2. SIGNIFICANT ACCOUNTING POLICIES , continued

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

3. CONTRIBUTIONS RECEIVABLE - GNWT

	2016	2015
In-Kind Contributions	$ 10,469	$ 10,921
Current Service Contributions	21,000	1,952
	$ 31,469	$ 12,873

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:

	2016	2015
Canadian Equities	$ 1,679,697	$ 1,706,576
Global Equities	1,533,146	1,530,413
Emerging Market Equity	231,099	214,698
Canadian Bonds	2,079,894	1,943,294
Canadian Money Market Funds	112,732	134,742
Total market value of the investment portfolio	$ 5,636,568	$ 5,529,723

4. INVESTMENTS, continued

The total cost of the investments for the year ended Jan 1, 2016 is $4,656,495 (2015: $4,374,694).

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.

The total investment portfolio by fair value hierarchy is as follows:

	2016	2015
Level 1	$ 5,636,568	$ 5,529,723

Investments are valued based on information provided by the investment manager. In particular, the market value for the portfolio is determined by the Net Asset Value Per Unit (NAPVU or unit price) for the RBC Phillips, Hager & North Investment Counsel Inc. Balanced Pension Trust (BPT) on the last day of each quarter. This price is derived by end-of-day prices for each of the securities that make up the BPT.

The prices of each security are taken from relevant exchanges or third party providers for each security (TSX for Canadian stocks, NYSE for US stocks, PC Bond Analytics for Bonds) and are compiled by the BPT's custodian, RBC Investor Services Trust.

5. OBLIGATIONS 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, 2013. The data and assumptions used for the January 1, 2016 obligations are the same as that used in the actuarial valuation as at April 1, 2013. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit 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.

5. OBLIGATIONS FOR PENSION BENEFITS, continued

	2016	2015
Discount rate	4.80%	4.80%
Salary Projection Rate	2.25%	2.25%
Price Inflation	2.25%	2.25%
Real Rate of Return	3.25%	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, 2013 was completed in July, 2013. The next funding valuation must be performed no later than April 1, 2016.

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. FINANCIAL INSTRUMENTS AND RISK

The Fund's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of contributions receivable and accounts payable and accrued liabilities. 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 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 agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities.

6. FINANCIAL INSTRUMENTS AND RISK, continued

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.

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.

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 & Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.

Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The Government of 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.

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.

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.

6. FINANCIAL INSTRUMENTS AND RISK, continued

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 fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies, have underlying foreign currency exposure.

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 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.

7. CONTRIBUTIONS

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2013. 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 $999,800 (2010 - $846,800) existed in the Fund at April 1, 2013. 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 $73,700 as at April 1, 2013 (2010 - $460,500).

7. CONTRIBUTIONS, continued

Per the Plan Regulations, this amount is required to be funded over a period of not more than 15 years from the valuation date. Special payments required to fund the maximum funding unfunded liability are $28,400 per quarter until a total of $73,700 special payments are made, in addition to the regular quarterly current service cost contributions.

8. ADMINISTRATIVE EXPENSES

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.