

NORTHWEST TERRITORIES HERITAGE FUND ANNUAL REPORT

2013-2014

A report on the Northwest Territories Heritage Fund,
for the fiscal year ended March 31, 2014

NORTHWEST TERRITORIES HERITAGE FUND

FINANCIAL STATEMENTS
(unaudited)

For the year ended

March 31, 2014

NORTHWEST TERRITORIES HERITAGE FUND
Financial Statements
(unaudited)
March 31, 2014

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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 30, 2014

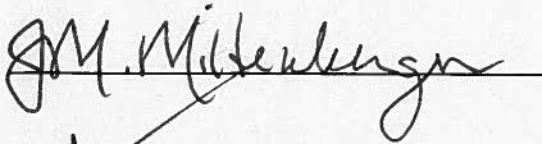
NORTHWEST TERRITORIES HERITAGE FUND

Statement of Financial Position

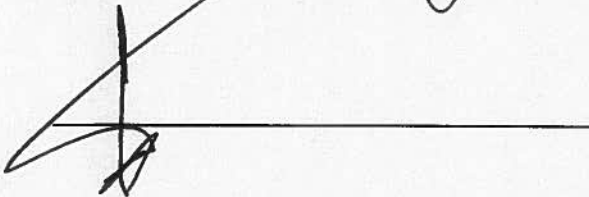
(unaudited)
As at March 31, 2014

	<u>2014</u>	<u>2013</u>
Financial assets		
Cash (Note 3)	\$505,518	\$250,140
Accounts Receivable	<u>515</u>	<u>0</u>
Assets	<u>\$506,033</u>	<u>\$250,140</u>
Liabilities	<u>\$0</u>	<u>\$0</u>
Net financial assets	<u>\$506,033</u>	<u>\$250,140</u>
Accumulated surplus	<u>\$506,033</u>	<u>\$250,140</u>

Approved:



J. Michael Miltenberger
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, 2014

	<u>2014</u> <u>Actuals</u>	<u>2013</u> <u>Actuals</u>
Net financial assets, beginning of year		
Items affecting net financial assets:		
Annual Surplus	<u>\$250,140</u>	<u>\$0</u>
Increase in net financial assets	<u>\$255,893</u>	<u>\$0</u>
	<u>\$506,033</u>	<u>\$250,140</u>
Net financial assets, end of year	<u>\$506,033</u>	<u>\$250,140</u>

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Operations and Accumulated Surplus
(unaudited)
For the year ended March 31, 2014

	<u>2014 Budget</u>	<u>2014 Actuals</u>	<u>2013 Actuals</u>
Revenues			
Interest	\$ 6,000	\$ 5,893	\$ 140
Contributions from the Government of the Northwest Territories	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	<u>256,000</u>	<u>255,893</u>	<u>250,140</u>
Expenses			
	<u>0</u>	0	0
Annual surplus	256,000	255,893	250,140
Accumulated surplus, beginning of year	<u>250,000</u>	<u>250,139</u>	<u>0</u>
Accumulated surplus, end of year	<u>\$606,000</u>	<u>\$506,033</u>	<u>\$250,140</u>

NORTHWEST TERRITORIES HERITAGE FUND

Statement of Cash Flow

(unaudited)

For the year ended March 31, 2014

	<u>2014</u>
Operating transactions	
Cash received from:	
Interest revenue	\$ 5,893
Miscellaneous revenue and recoveries	<u>250,000</u>
	<u>255,893</u>
Increase in cash	<u>255,893</u>
Cash, beginning of year	<u>250,140</u>
Cash, end of year	<u><u>\$ 506,033</u></u>

NORTHWEST TERRITORIES HERITAGE FUND

Notes to the Financial Statements

(unaudited)
March 31, 2014

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 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

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

(b) Cash and cash equivalents

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

(c) Interest income

Interest income is recognized when earned.

3. Cash and cash equivalents

The Fund’s cash balances are pooled with the Government’s surplus cash and are invested in a diversified portfolio of high-grade, short-term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approved the eligible classes of securities, categories of issuers, limits and terms. All Instruments, depending on their investment class, are rated R-1, low or better, by the Dominion Bond Rating Service Ltd. The Fund’s average annual yield for the year ended March 31, 2014 was 1.20% (2013 – 1.2%).

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.