


2022-2023

PUBLIC ACCOUNTS

SECTION III:SUPPLEMENTARY FINANCIAL STATEMENTS - OTHER ENTITIES

Government of
Northwest Territories

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2023

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

OTHER ENTITIES

HONOURABLE CAROLINE WAWZONEK
Minister of Finance

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Public Accounts of the
Government of the Northwest Territories

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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS – OTHER ENTITIES

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Aurora College

ANNUAL REPORT

2021-2022

COLLÈGE AURORA COLLEGE

VISION

Through the transformation of Aurora College into a polytechnic university, we will establish a university in the North and for the North that creates equitable opportunities for residents across the Northwest Territories to reach their full potential.

MISSION

Demonstrate leadership in the delivery of relevant and meaningful education and research rooted in strong connections to Northern land, tradition, community and people.

VALUES

RESPECT

We care for one another and foster relationships based on trust, respect and fairness. We respect others and the land, water, air and animals.

INCLUSIVENESS AND DIVERSITY

We foster a culture of equity and inclusion that celebrates different ways of being, knowing and doing.

INNOVATION

We inspire and nurture innovative thinking, continuous discovery and creative expression.

ACADEMIC INTEGRITY

We hold ourselves to high standards of ethical behaviour and take responsibility for our actions. We recognize and protect the right of the individual to search for knowledge, wherever knowledge is to be found.

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LAND ACKNOWLEDGEMENT

We respectfully acknowledge that Aurora College is situated on the traditional territories and homeland of the Dene, Inuit and Métis peoples of the Northwest Territories. We are grateful to the many Indigenous peoples of the NWT for allowing us the opportunity to learn, work and live on their lands. We are also deeply grateful for the generous sharing of Traditional Knowledge, wisdom and ways of knowing, being and doing with our students and employees.

2021-2022

AT A GLANCE

2 PROGRAM REVIEWS COMPLETED

work underway to re-establish Bachelor of Education and Social Work programs within next few years

1 NEW PROGRAM INTRODUCED

in partnership with Terry Harrold School of Aviation in Fort Smith, new Aviation Business Diploma offered which provides both diploma and Commercial Pilot Licence

4 NEW KEY PLANNING DOCUMENTS

3-Year Academic Plan; Strategic Enrolment Management and Marketing Plan; Communications Strategy; Student Recruitment and Marketing Plan 2021-2024

RESEARCH

Equity, Diversity & Inclusion

1st

First Northern post-secondary institution to endorse Equity, Diversity & Inclusion (EDI) Dimensions Canada Charter

- multi-year plan put in place to meet milestones

32

Aurora Research Institute-led projects

18

Aurora Research Institute-partnered projects

$1,838,851 NEW

research funding awarded to Aurora Research Institute.

PARTNERSHIPS

1,600

students from four NWT school divisions have participated in the Trades Awareness Program since 2005

3

Aurora College staff participated in UArctic's inaugural north2north exchange program

$216,000

committed over nine years by Gahcho Kué Mine to support up to 12 annual scholarships of $2,000 each to students graduating from the distance Early Learning and Child Care program

STUDENTS

83 GRADUATES

from NWT communities and five provinces & territories graduated from degree, diploma and certificate programs

71+

ACADEMIC UPGRADING COMPLETIONS

21 UCAP
19 OCAP
31 ALBE

39 CERTIFICATES

28 DIPLOMAS

16 DEGREES

9 NWT SECONDARY SCHOOL DIPLOMAS

learners completed the requirements to receive their NWT secondary school diplomas

STEM OUTREACH

202 HANDS-ON SCIENCE EVENTS

in JK-12 classrooms, reaching **3,622** students and **203** teachers

- **100+** hands-on science kits loaned to JK-12 for classroom use
- **31** teachers in **26** STEM "Train the Trainer" sessions
- **56** Beaufort-Delta science teachers attended two virtual information sessions with "show and tell" of best science kits available to loan
- **31** STEM unit consulations with teachers
- **4** virtual speaker events featuring **7** speakers and **139** participants
- **12** DIY STEM kits offered to **730** participants through contactless community outreach
- **2** professional development events for College educators
- **2** outreach presentations to school divisions and principals
- **1** coding and STEM activities support with Trades Awareness Program

EMPLOYEES

Aurora College Team

298 STRONG

19 have doctoral degrees plus 1 MD

77 have masters degrees

21 have Red Seal or Journeyperson tickets

5 have CPA or CFE designations

36 have post-graduate diplomas or certificates

31.2% Indigenous Aboriginal

6.7% Indigenous non-Aboriginal

62.1% Non-Indigenous non-Aboriginal

ADMINISTRATOR'S MESSAGE

The 2021-2022 academic year was a busy one, with a great deal of forward movement and positive change.

The first phase of Aurora College's transformation into a polytechnic university was completed when the Government of the Northwest Territories unanimously passed *Bill 30: An Act to Amend the Aurora College Act*. The passage of this bill will allow the College to be created as an arm's length post-secondary institution with a new governance system.

The institution will be unique in Canada, with a tri-cameral governance system that is made up of three governing bodies: a Board of Governors, an Academic Council and an Indigenous Knowledge Holders Council. Together, these three bodies will make decisions and recommendations on strategic direction, the business of the College, academics and research. The new governance system will help Aurora College become increasingly effective, efficient, sustainable and better positioned to identify and respond to the needs of Northern residents.

Nominations for Board of Governors members were opened early in the 2022-2023 academic year, and it is expected the new Board will be in place early in 2023. Membership on the Board will be competency-based rather than regionally-based, and at least half of the ten appointed members must be Indigenous persons living in the NWT. Once the Board of Governors is established, the focus will shift to creating the Academic Council and Indigenous Knowledge Holders Council. The establishment of the Board will also bring to completion my term as Administrator for Aurora College. While I have enjoyed the challenges and opportunities the role has offered, I am excited for the re-establishment of the Board of Governors and the next steps.

In addition to project work, engagement with co-investment partners has been gaining momentum, with the Government of Canada recognizing the importance of transforming Aurora College into a polytechnic university through a commitment of $8 million in the federal budget 2021. Ongoing engagement with co-investment partners will continue to be critical to the success of the institution going forward.

The completion of Phase 1 of the transformation was also reflected in the change of leadership for Aurora College. Andy Bevan, who had served in the dual role of College President and Associate Deputy Minister of Post-Secondary Education Renewal, retired on April 1, 2022. To better reflect the coming arms-length relationship between the GNWT and the College, his dual roles were split into two, and Dr. Glenda Vardy Dell was appointed as the new full-time president. Dr. Vardy Dell has held senior positions with Aurora College since 2019 and brings with her a wealth of experience and knowledge with both post-secondary education and the North. In addition to serving in senior leadership positions at several Canadian post-secondary institutions, she has lived and worked in many NWT communities as a nurse and in the health care field for many years. The continuity of leadership coupled with Dr. Vardy Dell's expertise bodes well for the ongoing success of Aurora College's transformation to a polytechnic university.

Denny Rodgers
Administrator,
Aurora College

PRESIDENT'S MESSAGE

One of the pleasures of my new role as Aurora College President is to showcase some of our successes and highlights through the 2021-2022 Annual Report. The report also provides an opportunity to celebrate the completion of the first of three phases of our journey to become a polytechnic university and the milestones that have been met along the way. Since the transformation work began, more than 45 critical and key milestones have been achieved across five areas: Academic Program Management, Accountability, Governance, Operations, and Recruitment and Retention of Students.

Among the key milestones achieved in 2021-2022 are the completion of the following plans: 3-year Academic Plan; Strategic Enrolment Management and Marketing Plan; Equity, Diversity and Inclusion Strategy; Communications Strategy; and 2021-2024 Marketing and Student Recruitment Plan.

We are now shifting to Phase 2, which is implementing concrete changes. We are utilizing what was shared with us through targeted engagement with students, the college community, Indigenous governments, community members and other stakeholders to visualize the polytechnic's physical form and to continue to explore its ability to increase access to high-quality post-secondary education for Northerners.

Phase 2 is about ensuring resources are in place to support the implementation of the plans to affect transformation, including the creation of new units and positions. Some examples of areas of where resources have been put in place are:

- Positions to support the Centre for Learning and Teaching Innovation;
- Creation of a Program Development Unit to lead development of new academic programs;
- Positions to lead the redevelopment of Bachelor of Education and Social Work programs;
- Resources to undertake a program review of the Environment and Natural Resources Technology Diploma;
- An external review of our Information Systems and Technology needs and capacity currently and for the future;
- and, a Financial Processes Assessment by an external contractor to review our current financial processes and recommend processes and systems that would best suit a modern post-secondary institution.

Another important report, the Facilities Master Plan (FMP), was released early in the 2022-2023 academic year. The FMP takes inventory of current College facilities and looks forward to the needs of a polytechnic university. It will provide a roadmap for incremental enhancement and expansion of facilities over several years, and will be a planning tool for the new Board of Governors.

We will continue building on our strengths and past successes to transform into a modern polytechnic university that will offer high quality programs with a distinctly Northern influence. As a northern education institution committed to reconciliation and inclusiveness, a central theme of our ongoing transformation is to ensure Indigenous voices are integral to and incorporated into our programs and operations. An important component of that work is the creation of the Indigenous Knowledge Holders Council, which is one of three governing bodies of College's new tri-cameral governance structure. The Council's primary responsibility will be to promote policies and operational decisions that foster the success of Indigenous students and staff, and of the institution as a whole. To achieve this, the Council will make recommendations to the Board of Governors regarding: the success of Indigenous students and staff; ways to incorporate and honour the culture, traditions and histories of Indigenous peoples; the strategic direction of the College; program development and reviews; operational activities and decision-making; and reporting of information. We anticipate the Council will be in place by early 2024.

Dr. Glenda Vardy Dell
President,
Aurora College

2021-2022
FACTS, FIGURES & FINANCE

STUDENTS

Number of Students by Campus

CAMPUS / YEAR	2021-2022		2020-2021		2019- 2020		2018-2019	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Aurora	35	119	22	67	84	394	124	450
Thebacha	111	385	84	163	161	494	161	669
Yellowknife North Slave	266	179	167	189	224	471	201	404
Communities	31	317	19	953				
TOTAL	443	1000	292	1372	469	1359	486	1523
TOTAL # STUDENTS	**1828**		**2009**		**1989**		**2179**	

NOTE: Until 2020-2021 students learning in Community Learning Centres were included in campus student counts.

Full-Time Equivalent (FTE) Students by Campus

CAMPUS / YEAR	2021-2022	2020-2021	2019-2020	2018-2019
Aurora	42.3	31.1	107.1	189.5
Thebacha	179.7	129.3	209.1	275.4
Yellowknife North Slave	310.1	204.3	283.4	274.3
Communities	58.3	100.7		
TOTAL	590.4	468.4	599.6	739.2

NOTE: Until 2020-2021 students learning in Community Learning Centres were included in campus student counts.

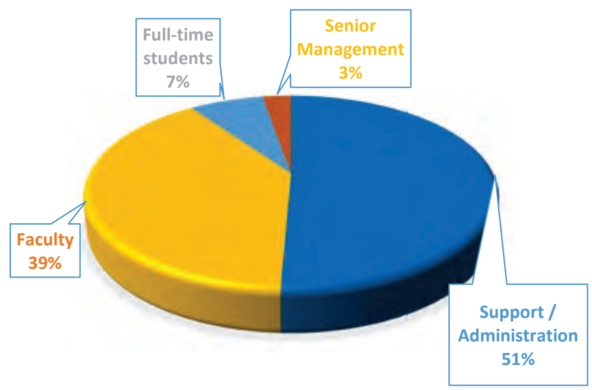
Full-Time Equivalent (FTE) Students by School - Division

SCHOOL-DIVISION / YEAR	2021-2022	2020-2021	2019-2020	2018-2019
Continuing Education	23.2	34.5	35.0	79.0
Developmental Studies	142.0	136.1	240.2	287.2
Arts & Science	26.7	22.2	18.0	23.5
Business & Leadership	105.9	50.5	72.9	90.3
Education	60.1	34.5	43.2	56.4
Health & Human Services	145.0	127.7	131.6	124.7
Trades, Apprenticeship & Industrial Training	87.5	59.9	58.7	78.1
TOTAL	590.4	465.4	599.6	739.2

NOTE: Full Time: FTE >= 0.6; Part Time: FTE < 0.6 course load

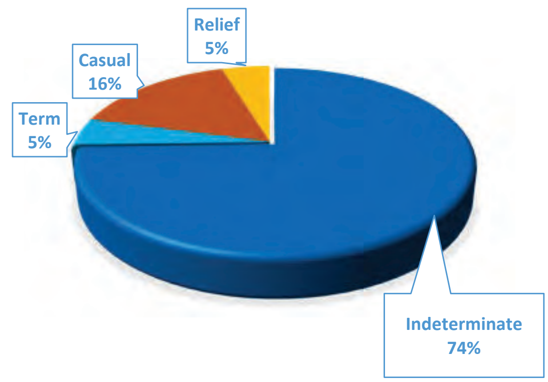
FACULTY & STAFF

Employees by Function*



	Support/Administration	151
	Faculty	118
	Full-Time Students	21
	Senior Management	8

Employees by Employment Status*



	Indeterminate	222
	Relief	14
	Term	14
	Casual	48

** These statistics are a snapshop of employees on March 31, 2022*

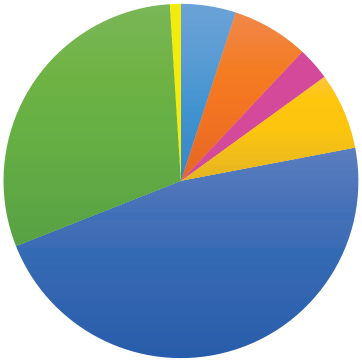
RESEARCH

2021 Research Licences by NWT Region

North Slave	25%
Inuvialuit	23%
Gwich'in	16%
Dehcho	14%
Sahtu	12%
South Slave	10%

2021 Research Licences by Research Category

Physical Science	47%
Social Sciences	30%
Health	7%
Contaminants	7%
Biology	5%
Engineering	3%
Traditional Knowledge	1%



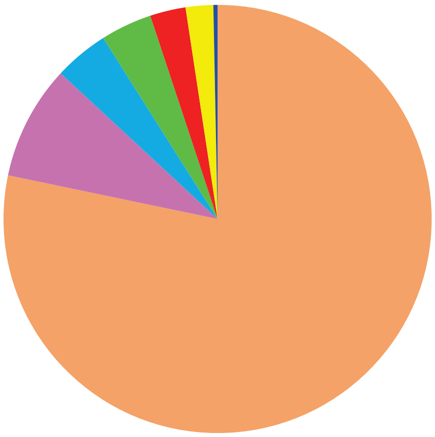
Aurora Research Institute Metrics (July 1, 2021 – June 30, 2022)

Research Projects – ARI Led	32
Research Projects – ARI Partnered	18
New funding ($$) awarded:	$ 1,838,851
Research Partnerships	41
In-Kind Support Received	$29,975
ArcticNet North by North Funding (2020-2024)	$1,416,668
Peer-reviewed scientific publications	13

FINANCES AT A GLANCE

REVENUE BY SOURCE

Government of the Northwest Territories	78.3%
Government of Canada	8.6%
Other third party contributions	4.1%
Tuition	3.9%
Recoveries & Other	2.7%
Room & Board	2.1%
Interest	0.3%



EXPENDITURES BY SOURCE

Education & Training	32.3%
Student Services	19.2%
Pooled services	18.1%
Community & Extensions	16.7%
Aurora Research Institute	9.9%
Financial & Accounting Services	3.8%

2021-2022 HIGHLIGHTS

TRANSFORMING TO A POLYTECHNIC UNIVERSITY

With the passing of amendments to the Aurora College Act, the 2021-2022 academic year saw the Aurora College Transformation initiative transition from Phase 1: Strengthening the Foundation and Planning for Change to Phase 2: Transformational Change. Progress has been characterized by significant advancements in strategic planning and the building of capacity among leadership, faculty and staff in key areas.

Completing Phase 1

Phase 1 began with the launch of the transformation initiative in 2019 and was officially completed when the Northwest Territories Legislative Assembly passed *Bill 30: An Act to Amend the Aurora College Act* in November 2021, achieving a milestone in the transformation process.

The amended Aurora College Act came into force on May 20, 2022. The changes have resulted in a new governance system that will help to ensure Aurora College is effective, efficient and sustainable. This includes the establishment of a competency-based Board of Governors, an Academic Council and an Indigenous Knowledge Holders Council. This approach to governance is ground-breaking for post-secondary education institutions in Canada, particular around the way Indigenous Knowledge Holders will be empowered to support the growth and development of the institution. The new governance model will allow Aurora College, and the future polytechnic university, to be better positioned to identify and respond to the needs of Northern residents and do so at arm's length from government.

Phase 1 projects completed over the past year have been driven by the hard work of faculty and staff at Aurora College. A partner in the transformation process, the Department of Education, Culture and Employment has also provided ongoing coordination and support for the wide-ranging transformation projects. During Phase 1, working groups and project teams reached more than 45 milestones across five areas, including Academic Program Management, Accountability, Governance, Operations, and Recruitment and Retention of Students.

Flowing from the overall Aurora College Strategic Plan, a number of additional strategic documents have now been completed that will guide institutional development moving forward. Aurora College now has its first Academic Plan, Strategic Enrolment Management Plan, Student Recruitment and Marketing Plan, and Communications Strategy. The process of creating these documents has resulted in new and enhanced levels of expertise at Aurora College that will be integral to the successful completion of the transformation process.

Advancing Phase 2

The transformation initiative has entered Phase 2, which will see key aspects of the polytechnic university begin to take shape over the coming years. Work to date has included extensive engagement around polytechnic facilities, both for the three campuses and the network of Community Learning Centres. This engagement will culminate in a *What We Heard Report and Polytechnic University Facilities Master Plan* that will be released in summer 2022 to guide the ongoing enhancement and expansion of facilities.

Work has also started to prepare for re-establishment of the Aurora College Board of Governors. This has been a significant undertaking that will lay the groundwork for the shift from regional representation to a Board of Governors selected based on a set of legislated competencies critical the institution's success. Recruitment of Board Members will take place during the 2022-2023 academic year.

Co-investment in transformation

Support from co-investments partners remains critical to achieving transformation milestones and Aurora College received significant support from the Government of Canada earlier this year. As part of their

Budget 2021, the Government of Canada recognized the importance of transforming Aurora College into a polytechnic university though a commitment of $8 million over two years.

Increased capacity for teaching and research excellence

In order to advance the transformation process and help to ensure overall success in meeting the goals outlined in the Aurora College Strategic Plan, work has advanced over the past year to create new teams and new positions across the institution, particularly in the areas of teaching and research excellence. The recently established Centre for Learning and Teaching Innovation has begun to empower faculty in new ways and preparations for a Research Services Team are near completion. Each will bring exciting and critical supports in these areas over the coming years.

Three-year Academic Plan developed

As part of strengthening the foundation and planning for change, Aurora College released its first Academic Plan in September 2021. The Academic Plan is a critical milestone in the transformation of Aurora College to a polytechnic university: laying out how the College intends to support the academic achievement of students and the framework for processes of continuous quality improvement over the next three years. The Academic Plan will serve as a bridge between Aurora College's overarching strategic goals and academic program management and presents a vision for the College's academic future. It will be a touchstone for all academic and educational teams throughout the College to plan, prioritize and implement a wide range of projects and initiatives.

Strategic Enrolment Management Plan

A key priority for Aurora College's transformation is to implement a Strategic Enrolment Management & Marketing (SEMM) plan to guide and support student recruitment, enrolment, persistence, and completion. As a learning-centred institution with student success at its core, Aurora College has long demonstrated commitment to students and the delivery of quality post-secondary education and services. The new SEMM plan will support continuous improvement efforts. The plan is ultimately about student success and involves commitment from the entire organization to connect with potential and continuing students, and to provide support and advice in order to maximize their success. It is both an educational and managerial framework for supporting student recruitment, registration, persistence, and graduation or completion, and seeks to balance student success and institutional health.

Equity, Diversity & Inclusion charter signed

Aurora College is the first Northern post-secondary institution to endorse the Equity, Diversity and Inclusion Canada (Dimensions) Charter, joining more than 100 Canadian post-secondary institutions to support its goals. The charter endorsement is part of the Dimensions pilot program, the goal of which is to foster increased research excellence, innovation and creativity within the post-secondary sector across all disciplines through greater equity, diversity, and inclusion (EDI). In signing the charter, Aurora College is publicly stating its commitment to embedding EDI principles in its policies, practices and action plans. Aurora College is now recognized nationally and internationally as a post-secondary academic community dedicated to promoting EDI principles. Signing the Dimensions Charter Endorsement is the most recent step in Aurora College's work to increase EDI within the institution. In 2019 Aurora College received an NSERC grant to develop an internal EDI policy and process to address obstacles faced by, but not limited to, women, Indigenous peoples, persons with disabilities, members of visible minority/racialized groups and members of LGBTQ2+ communities. Since that time the College has developed and implemented a five-year strategic plan to advance EDI principles. An EDI committee with members from across the College has been set up and an EDI coordinator will be hired to support this important work.

2021-2022 HIGHLIGHTS

TEACHING AND LEARNING

Aviation Business Diploma introduced

As of September 2022, Aurora College is offering a new Aviation Business Diploma in partnership with the Terry Harrold School of Aviation (THSA) in Fort Smith. The two-year program will allow students to achieve both a Diploma from the College and their Private and Commercial Pilot Licences from the THSA. The combined program is designed to both help address the pilot shortage in the northern aviation industry and to complement technical flying skills with business knowledge and skills that can better position graduates for employment and entrepreneurial opportunities in the North. It will prepare graduates for employment in business and government positions in northern aviation.

Bachelor of Education and Social Work reviews and next steps

In May 2022, Aurora College publicly released the Program Reviews and Institutional Responses for both the Aurora College Social Work and Bachelor of Education programs. The main recommendations are that Aurora College offer both the Social Work and Bachelor of Education programs; Aurora College has accepted those recommendations. The College will investigate both a diploma and a degree program for Social Work and the structure of a Bachelor of Education degree. The feasibility of a two-year post-graduate Bachelor of Education program will also be studied. Timing of the launch of both programs will depend upon funding approval and external quality assurance reviews. National environmental scans of Social Work and Bachelor of Education programs will be completed to aid in developing full program proposals and plans to ensure the new offerings meet the needs of both Northern students and the Northern labour market. Research and development of the new programs will begin in Fall 2022 with program delivery start up dates to be determined based on the research and planning.

Centre for Learning and Teaching Innovation

The pilot Centre for Learning and Teaching Innovation (CLTI – formerly the Centre for Teaching and Learning) continued to expand services and professional development opportunities for Aurora College employees. Early in the 2021-2022 academic year, the Adult Learning Specialist – Scholarship of Teaching and Learning (SoTL) position was hired to lead supports to facilitate SoTL. During the year, some of CLTI's offerings included four Instructional Skills Workshops and hosting the College's Making Connections and Celebrating Success conference. Nearly 150 Aurora College employees attended the five-day internal conference. Members of the Centre's team continue on their own paths of lifelong learning: two are in the process of earning their doctoral degrees and three completed a Facilitator Development Workshop.

Apprenticeship programs and facilities re-accredited

During 2021-2022, Aurora College's carpentry and electrical apprenticeship programs and facilities at Thebacha Campus were inspected by the GNWT Education, Culture and Employment Apprenticeship office and a team of industry experts and received accreditation for the next five years. Aurora Campus was also accredited to deliver the Fundamentals of Carpentry program. Accreditation of programs and facilities takes place at regular intervals to ensure high quality instruction and high standards are met in the classroom and shop facilities.

New Trades programs and courses

The new Fundamentals of Carpentry 1 was delivered at Aurora Campus in Inuvik, the first time is has been offered outside of Thebacha Campus. It is expected it will become a regularly scheduled program in Inuvik.

In collaboration with the Department of Municipal and Community Affairs, a pilot Heavy Equipment Operator Refresher course was developed and delivered. The course consists of both classroom and equipment seat time and provides experienced heavy equipment operators with a refresher for their particular areas of equipment operation.

An all-female Women in HEO (Heavy Equipment Operator) was successfully delivered. While women enrol in the regular HEO programs, there is demand for the female-only deliveries as well.

New mandatory Class 1 Driver Training requirements

Class 1 Driver Training has been updated to include a new mandatory component, Entry Level Training (ELT). The mandatory component is being introduced across Canada to ensure minimum standards are in place and are met for all Class 1 Driver training. Aurora College was the first training provider in the Northwest Territories to implement the Class 1 ELT, and worked closely with the Department of Infrastructure – Road Licensing during the development of the curriculum.

Reconcilation in action

Continuing to support Aurora College's commitment to Truth and Reconciliation, the Bachelor of Science in Nursing (BSN) program was able to return to land-based learning after a COVID-19-induced hiatus. In partnership with Dechinta Centre for Research and Learning, second year students spent the day learning from Indigenous Elders at a fish camp.

The Indigenous Peoples of the Northwest Territories course, a mandatory elective in the BSN program, is largely delivered on the land and provides students in-depth opportunities to learn the history of the NWT from local Indigenous Elders and Knowledge Holders.

Students, faculty and staff from the Practical Nurse Diploma, Personal Support Worker Certificate and Bachelor of Science in Nursing programs attended an afternoon session with Marie Wilson, Commissioner of Canada's Truth and Reconciliation Commission, to learn about the commission's work and engage in discussion about systemic racism. They also participated in a session about trauma-informed practice with the Relationship Matters team during Nurses Week in May, learning about how they, as health care providers, can provide better care.

INNOVATE (formerly the Arts, Crafts and Technology Micro-manufacturing Centre in Inuvik) supported the Inuit Unmarked Graves project by partnering with the Inuvialuit Regional Corporation to train local artists to use laser engraving, CNC milling and other manufacturing techniques to create unique and durable grave markers.

Expanded online course options

Expanding upon learnings through COVID-19, Aurora College expanded the number and breadth of courses offered through distance and online learning. Community Learning Centres, especially in the Sahtu and Beaufort Delta, offered a full slate of online Adult Literacy and Basic Education courses, Digital Literacy workshops and several Literacy and Essential Skills courses, such as Introduction to Office Skills. As well, the Continuing Education division ran more than 30 workshops online, including Excel, Writing and Editing Skills, Minute Taking, Quickbooks, Bookkeeping and Proposal Writing.

Merging Arts with Technology in Ulukhaktok

INNOVATE delivered blended delivery (five weeks of distance instruction and three weeks of in-person learning) of the Merging Arts and Crafts with Technology course in Ulukhaktok. Participants learned graphic design, printing, vinyl application, 3D printing, CAD, and business development topics. The course was a partnership with the Inuvialuit Regional Corporation and the College's Community Learning Centre in Ulukhaktok.

Pre-Trades STEM courses

Pre-trades and Trades Preparation courses were developed to prepare students to pass the NWT Trades Entrance Exams and updated trades entrance requirements. These courses focus on the math, science and English skills required for both for the exam and for working in trades positions. The courses are delivered through Community Learning Centres based on local need. In addition, several community-based students in Tulita successfully challenged their Trades Entrance Exams.

2021-2022 HIGHLIGHTS

RESEARCH

$985,000 Northern REACHE grant for wind energy research

ARI-led research into wind power potential for the north continues to expand and evolve, due to $985,000 from the Northern REACHE (Responsible Energy Approach for Community Heat and Electricity) program. This funding allows ARI to enhance its ability to conduct wind resource assessments by reducing the setup costs associated with visiting a potential site and will strengthen existing work being done in partnership with the GNWT Energy Division. Until recently, the standard tool for assessing the wind resource in an area was large meteorological towers each weighing several thousand kilograms. The most recent NWT-based tower was installed near Norman Wells to collect wind data for the GNWT. In 2020, ARI sought Canada Foundation for Innovation (CFI) grant funding to purchase a LiDAR (Light Detection and Ranging) wind monitoring unit. LiDAR technology is a remote sensing method that uses a laser to measure wind speed, wind direction and air turbulence. Each unit weighs approximately 80 kilograms and can be transported and set up by two people in a few hours. The first unit was deployed next to the Norman Wells tower to compare reliability, power consumption and maintenance needs. Results showed the LiDAR units were more efficient and could reliably gather measurements up to 200 metres in height with less maintenance effort compared to the tower's 60 metre detection range, which required many site visits to ensure good readings. Aurora College recently received a Northern REACHE grant to purchase and operate two additional LiDAR units. This support has permitted ARI to completely adopt the more mobile, more accurate technology. The additional units will allow research at multiple locations simultaneously, increasing the accuracy of data collected. This research into the viability of wind energy for northern communities could help reduce reliance on diesel and non-renewable energy sources.

Role of Indigenous language in early learning

Diploma and certificate students in Aurora College's Early Learning and Child Care (ELCC) program are conducting collaborative action research with University of Toronto researchers as part of the Northern Oral language and Writing through Play (NOW Play) Partnership Project. The overarching goal is to create experiential-based and culturally-appropriate materials for family members and Early Childhood Educators to learn and to teach children their Indigenous language(s).

Three ELCC diploma students (Gloria Francis, Shannon Wedawin, Suchitra Yadav) and Instructor Erica McDonald represented Aurora College at the University of Toronto's International Symposium on the Revitalization of Indigenous Language and Literacy. The students presented an update on their research findings regarding the development and implementation of home-based strategies to support families in the revitalization of Indigenous languages.

Environmental recovery from legacy mining pollution

The North Slave Research Centre is leading a multidisciplinary research program to better understand the environmental processes that control the recovery of lakes and soils in the Yellowknife region from legacy mining pollution. The program has leveraged funding from territorial and private partners in collaboration with researchers from Queen's University, Wilfrid Laurier University, University of Waterloo, Carleton University, Royal Military College, and Environment and Climate Change Canada. During 2021-2022, fourteen students from southern institutions were involved in collaborative research with the program and spent more than 150 days in the north. Strengthening natural science capacity at the North Slave Research Centre is a critical component of the transformation of Aurora College into a polytechnic university, as Aurora College looks to develop new programming and research capacity.

Faculty research improving student learning environment

The Bachelor of Science in Nursing faculty continues to provide evidence of scholarly work though receipt of grants, research licences, conference presentations and publications in academic, peer reviewed journals. In 2021-2022, more BSN faculty were involved in research than any previous year. This research continues to support program evolution and continued quality improvement. One example of how faculty research has led to changes in the program is the adaptation of a pre-briefing model to support student psychological safety and learning in the simulated setting.

Improving end-of-life care for aging population

The College's Manager of Health Research is completing doctoral research into the impacts of an acute home care team initiative during the first wave of COVID-19 in a region of Quebec.

Acute care at home teams are future practices in home care with the potential to decrease health care costs and improve both the quality of life and quality of end-of-life care offered to an aging population with multiple co-morbidities. The case study's goal is to better understand how new forms of care emerged through this initiative by using qualitative methods to gather organizational and healthcare providers' perspectives. It will also allow further investigation into the new "remote-hospital-centred care" approach and how inter-professional dynamics impact patients and their loved ones. Results from Andréanne Robitaille's research project - ***New Boundaries of Care and Interprofessional Dynamics in the Context of a Pandemic: A Case Study of Acute Care at Home Teams*** - may lead to additional research into facilitating access to end-of-life care in the NWT.

Top 50 Research College for sixth consecutive year

Aurora College was recognized by Research Infosource Inc. as one of Canada's Top 50 Research Colleges for 2021. Aurora College was ranked #34 overall among the nation's top research colleges. For research dollars per researcher – research intensity – Aurora College was ranked #7 in Canada. The College was also listed in the top 20 in several other categories: #14 in research partnerships; #16 in completed research projects and paid student researchers; #17 in industry research income as a percentage of total research income; and #18 in industry research income. The Top 50 Research Colleges rankings are determined by evaluating research income, number of research staff, number of students participating in research projects, number of research partnerships, and number of completed and on-going research projects.

PromoScience - STEM Outreach funding grant

An additional grant in the amount of $475,000 over three years was received from the Natural Sciences and Engineering Research Council (NSERC). The funding is for the PromoScience program, which supports organizations that promote STEM (Science, Technology, Engineering and Mathematics) programming for youth, including hands-on learning experiences. The grant will support the growth and continuity of Aurora Research Institute's STEM Outreach Program, which offers programming to 19 of the NWT's 33 communities. The ARI STEM Outreach Program reaches 7,000 Northern youth and 150 Northern educators through 250 science promotion events every year.

Winter operation field-wear research

INNOVATE supported a large research project on the winter-use characteristics of traditional Indigenous clothing to inform federal government procurement offices interested in adding these products to their eligible winter operations field-wear list. INNOVATE supported social science research that included interviews with Inuit and other Northern Indigenous crafters. Knowledge was gathered on the suitability of materials and techniques depending on the intended use.

Western Arctic Research Centre Logistics Support

Long-term facility use	80
Short-term facility use	93
Technician support	168
Equipment rentals	242
Accommodation days	230

INNOVATE Metrics

Number of companies served	70
Workshops offered	26
Number of tours	24
Active memberships	44

(data for July 1, 2021-June 30, 2022)

STEM OUTREACH

97 STEM

(Science, technology, engineering and mathematics) public-health-approved events took place with

2,226

NORTHERN YOUTH
and residents in attendance

RESEARCH

RANKED

34th Overall out of Canada's Top 50 Research Colleges

& 7th In Research Intensity (dollars per researcher) out of Canada's Top 50 Research Colleges

1 NEW CODING & ROBOTICS CLUB
for NWT high school students

2021-2022 HIGHLIGHTS

STUDENT SUCCESS

ELCC student receives $20,000 Studentship Award

Second-year Early Learning and Child Care student Sarah McGregor received the 2022 Edets'seèhdzà Studentship Award. The $20,000 stipend supports an Aurora College student to be involved in health-related research during their studies. McGregor is first recipient enroled in a program outside of the School of Health and Human Services. She will be engaged in research projects promoting mental health and wellness, as well as Indigenous cultural and linguistic revitalization. The Edets'seèhdzà Studentship award is funded by Hotıì ts'eeda, and provided through a partnership between Hotıì ts'eeda and Aurora College/Aurora Research Institute. Hotıì ts'eeda is funded by the Canadian Institutes for Health Research (CIHR) and is a research support unit hosted by the Tłı̨chǫ Government. Edets'seèhdzà (eh-DEY-tsay-zah) means "stepping forward to challenge yourself" in the Tłı̨chǫ language.

Gahcho Kué Mine creates new scholarships for Early Learning

Gahcho Kué Mine presented twelve part-time distance Early Learning and Child Care students with $2,000 scholarships in June. The multiple $2,000 scholarships will be awarded annually until 2030. The scholarships support part-time online certificate and diploma graduates who live in the NWT who, because of their part-time status, are ineligible for government funding. Most participants are already working in child care facilities or in classrooms as assistants in local schools. Gahcho Kué will provide $24,000 annually to support the scholarships, totaling $216,000 over the life of the program.

BSN graduates share road to success with Developmental Studies students

Two graduating BSN students shared how academic upgrading and the University and College Access Program (UCAP) helped them reach their goals of becoming nurses. At the Developmental Studies completion ceremony in Yellowknife, Jodi Larkin and Kelly Nicholls shared how the UCAP Nursing Career Pathway helped prepare them academically to enter the four-year degree program and encouraged the gathered learners to continue to pursue their dreams.

Distance learning opens door to new career

The opportunity to participate in the Personal Support Worker Certificate program by distance offered a chance for a career change for graduate Glen Ekhionina. After a long career in construction as a heavy equipment operator, he knew he wanted to work more closely with Elders and in a helping profession. Glen was born in Kugluktuk, NU and lived for many years in Enterprise, NT before moving to Fort Smith, where he completed his certificate. He looks forward to being part of the health care team.

Highest mark in NWT on diploma exam

University and College Access Program (UCAP) student Shiela Tusiime achieved the highest mark in the NWT on the 2021-2022 English Language Arts 30-2 diploma exam. She completed the Bachelor of Science in Nursing career pathway in UCAP. She received the 2021-2022 Minister's Award for Academic Achievement for her accomplishment.

Literacy support helps achieve long-term goals

A learner at the Yellowknife Literacy Outreach Centre secured permanent employment as a teaching assistant with a Yellowknife school division. The learner began at the centre with limited literacy and English Language skills and applied themselves over several years through Family Literacy, Tutoring and Basic Computing courses to succeed in their long-term goal.

Health and Human Services Awards

The RNANTNU Academic and Clinical Excellence Award is presented each year to a graduating Bachelor of Science in Nursing student by the Registered Nurses Association of Northwest Territories and Nunavut. The 2022 recipient was Erin Ross (right).

AVENS - A Community for Seniors annually presents the AVENS Sheila Broders Award to a graduating Personal Support Worker Certificate student who shows excellence of care and compassion for residents during their practicum at AVENS. Pauline Williah of Behchokǫ̀ was the 2022 recipient (left).

The Bachelor of Science in Nursing Faculty Award was presented to BSN graduating student Rebecca Baxter.

2021-2022 HIGHLIGHTS
PARTNERSHIPS

Indigenous Business Centre of Excellence feasibility study

The Future Skills Centre committed to provide Aurora College with $285,000 to undertake a feasibility study to look at establishing an Indigenous Business Centre of Excellence. The study will look at other Canadian and Indigenous business centre models and will include a scan of current Indigenous businesses and the needs, opportunities and gaps in the NWT's 33 communities. Aurora College plans to engage with Indigenous governments, Indigenous corporate entities, northern industry organizations and other key stakeholders in a variety of ways. An Indigenous Business Centre of Excellence could help Indigenous entrepreneurs with business start-up or expansion, partnerships and planning; help ensure Indigenous entrepreneurs have access to business support and advice; and provide support and advice about small business development and joint venture developments. It might also assist with developing core skills for Indigenous businesses to succeed, such as governance, risk management, financial management and best practices.

Building capacity in Western Arctic communities

The Remotely Piloted Aircraft Systems (RPAS) program is growing RPAS capacity within Northern communities and Aurora Research Institute (ARI). In 2021-2022, three RPAS pilots with ARI completed Transport Canada's Advanced Pilot Certification. Additionally, ten pilots at the Inuvialuit Community Economic Development Organization (ICEDO) and 13 at Inuvik Community Corporation (ICC) completed Transport Canada's Basic RPAS Certification. The next phase of the program is to equip community pilots with the theoretical and practical skills to achieve Transport Canada's Advanced Pilot Certification. Having at least one trained RPAS pilot in each Western Arctic community is of great benefit to communities as these pilots are able to immediately document and, where required, map as-they-occur issues of concern to the communities. Additionally, community RPAS pilots are equipped with the skills to support search and rescue and other emergencies. A number of community pilots are employed by researchers and government agencies to help map and monitor the effects of climate-driven changes on Western Arctic communities.

Early Words program

The Early Learning and Child Care distance program is partnering in a research project with the Canadian Child Literacy Foundation to conduct an environmental scan of the literacy landscape in the Northwest Territories, particularly around the availability of books appropriate for children age 0 – 5 years. This is an initial step in exploring the possibility of implementing the CCLF's nationally recognized "Early Words Program" in the Northwest Territories.

Physical literacy and early learning

The ELCC Program is partnering with Sport North and the Mackenzie Recreation Association to develop and implement a northern Indigenous program to support the promotion of physical literacy in the NWT. The project targets early childhood educators as well as junior kindergarten and kindergarten teachers in helping to support families in the development of physical literacy skills in children 2-6 years of age.

Nursing students assist with COVID-19 responses

Bachelor of Science in Nursing students and faculty continue to support local health authorities in the front line response to COVID-19, with all fourth-year BSN students becoming nationally certified in immunization administration. With the support and mentoring of the Northwest Territories Health and Social Services Authority (NTHSSA) staff, the College was able to assist with COVID-19 and influenza vaccination, as well the creation of unique learning resources for children as vaccines were approved. Second- and third-year BSN students worked with staff at the Yellowknife COVID-19 testing site to complete testing for COVID-19 and learn about result interpretation and patient education. As COVID-19 cases rose in Yellowknife in the fall of 2021, BSN students gained invaluable learning experience at Stanton Territorial Hospital and assisted staff in the delivery of care during an exceptionally busy time.

Leadership program supports 12 Northern employers

For the first time, two cohorts of the Northern Leadership Development Program were offered simultaneously – one was a blended delivery model and one was delivered online. Both cohorts attended the final module in Yellowknife in June, which included an on-the-land component with local Indigenous Elders. The two programs had a total of 36 participants representing 12 Northern employers, which included Arctic Canadian Diamond Company Inc., Aurora College, DeBeers Group, Diavik Diamond Mines Inc., Government of Canada, Government of the NWT, Gwich'in Land & Water Board, K'asho Got'ine Housing Society, Larga Kitikmeot, NWT Metis Nation, Parks Canada and the Town of Fort Smith. Three Aurora College employees completed. In recognition of the value of the NLDP program, the College has set aside six seats for Aurora College employees in the 2022-2023 delivery.

Trades awareness expands to Tłı̨chǫ

Aurora College continues to collaborate with partner organizations to deliver the Trades Awareness Program at Thebacha Campus. High school students in the Tłı̨chǫ region can now participate in any of the Introductory, Intensive or Summer Camp Trades Awareness Programs. Students are exposed to various trades and college life during the one-week sessions. Currently, three regions – South Slave, the Dehcho and Tłı̨chǫ – are actively participating. More than 70 students from those regions took part in 2021-2022.

Gahcho Kué Mine supporting community development through scholarships

Gahcho Kué Mine has committed to provide $216,000 over nine years to students in Aurora College's distance Early Learning and Child Care program in the form of twelve $2,000 scholarships to the program's top students. Early Childhood professionals play a critical role in the development of healthy outcomes for children and families. Partnerships such as these can improve the quality of life for northern residents and communities. Obtaining certificates and diplomas in Early Learning and Child Care will enhance and expand career opportunities for the graduates, including upgraded or additional professional responsibilities, improved pay and opportunities for new or better positions. The majority of Early Childhood professionals are women: supporting them enables parents, particularly mothers, to reach their full economic potential; and helps create a generation of engaged and well-prepared young learners. The scholarships are part of a larger set of community-based programs that fall under Gahcho Kué Mine's Building Forever plans. Launched in 2020, Building Forever aims to provide lasting benefits to host communities and includes commitments to protect the natural world, accelerate equal opportunity, partner for thriving communities, and lead ethical practices across industry.

Journal to highlight Indigenous scholars and northern research

Staff at Aurora College and Hotıì ts'eeda are close to launching a new online academic journal, Xàgots'eèhk̀'ǫ supported with funding through the Social Sciences and Humanities Research Council (SSHRC). The open access peer-reviewed journal will highlight the work of Indigenous scholars and northern science that impacts, and is relevant to, the peoples of the NWT. The creation of a northern-led, Indigenous-governed, open-access journal will provide a unique platform to represent Northern and Indigenous voices and scientific endeavours. Existing circumpolar academic journals are based at southern or international institutions and are often less accessible as they sit behind a subscription or pay service. The online journal will increase discoverability of and access to research from scholars based in the North, disseminate research that can inform Northern policy and practice, and ensure the voices of Indigenous scholars and Traditional Knowledge are represented equally alongside western science. The project is also supported by the Dechinta Centre for Research and Learning.

2021-2022 HIGHLIGHTS

AURORA COLLEGE TEAM

University Medal for Outstanding Graduate Work

Mike Palmer, Manager of the North Slave Research Centre, completed his PhD in Geography and Environmental Studies from Carleton University in Ottawa.

His PhD research was directed at exploring environmental processes that control recovery of the mining impacted landscape around Yellowknife. The project was developed in collaboration with staff from the Yellowknives Dene First Nation Department of Land and Environment in response to ongoing concerns about environmental impacts from legacy mining activities in the region. Results from this research have been published in several leading scientific journals, have informed policy decisions in the GNWT, and have helped residents in Yellowknife, Ndilǫ, and Dettah better understand the extent of impact from past mining activities and the processes that control natural recovery of the landscape.

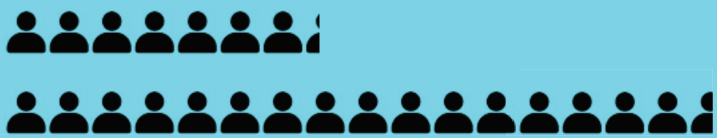
In recognition of Dr. Palmer's research, he was awarded the University Medal for Outstanding Graduate Work by the Carleton University Senate.

Advanced Degree and Post-Graduate credentials obtained

Professional development is a key component of any post-secondary institution. The following members of the Aurora College team recently earned advanced degrees and credentials:

Dr. Mike Palmer, Manager, North Slave Research Centre: Doctorate of Geography and Environmental Studies, Carleton University.

93 *Indigenous*



205 *Non-Indigenous*

19	**Doctoral degrees**	**27**	**Post-grad certificates**
77	**Masters degrees**	**9**	**Post-grad diplomas**
4	**CPA designation**	**16**	**Red Seal tickets**
1	**CFE designation**	**5**	**Journeyperson tickets**

Melanie Adams Librarian/Student Success Coordinator, Aurora Campus: Master in Information Studies (Librarianship) with distinction, Charles Sturt University (distance). She received the Sage Research Award for the graduate with the highest mark in the required "Research in Practice" course, and was named to the Executive Dean's List.

Wanda Roberts, Program Head, Health Programs: Master of Education in Open, Digital and Distance Education, with a focus in Educational Leadership, Athabasca University (distance). She was nominated for the Governor General's Gold Medal Award of Excellence for accomplishments in a graduate program.

Catherine Ardiles, Instructor, BSN: Master of Education in Adult Education, Yorkville University (distance).

Lydia Montana, Senior Instructor, BSN: Master of Nursing, Athabasca University (distance).

Rosalee Taylor, Instructor, BSN: Master of Education, Adult Learning and Global Change, University of British Columbia (distance).

Certificates in Adult Education

Four faculty and staff members achieved their Aurora College Certificate in Adult Education:
Colin Dempsey, Instructor, Business Administration
Kimberley MacKenzie, Senior Instructor, Community Nurse Development
Greta Sittichinli, Program Head, Office Administration
Xiaoyi Yan, Coordinator, Literacy Outreach

BA instructor presents at Washington, DC conference

Dr. Kim Lemky, Business Administration instructor, attended the June 2022 Regional Medical Campuses Conference of the Association of American Medical Colleges (aamc.org) in Washington, DC. She shared research and coordinated a workshop regarding Assessing the Economic Impact of Regional Medical Campuses. Dr. Lemky's research on assessing economic impact contributes directly to courses she teaches at Aurora College, such as BUSI 0212 Community Economic Development.

north2north

In May 2022, three Aurora College employees participated in a north2north network trip along with a group from Yukon University and Nunavut Arctic College. The networking trip to seven universities in northern Norway, Sweden and Finland was designed to encourage future student and staff exchange opportunities with other circumpolar institutions. north2north is the University of the Arctic's mobility program designed to foster learning opportunities in other places and cultures in the North. Global Affairs Canada has funded this program in Canada, creating more opportunities for Aurora College students and staff to be part of future exchanges. There is an annual call for applications for students and staff interested in exchanges. One Aurora College staff member was approved for an exchange which is planned for fall 2022.

AURORA COLLEGE

AUDITED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

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 Public Administrator. 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 Public Administrator is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Public Administrator meets regularly with management and the external auditors. The external auditors also have full and free access to the Public Administrator.

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

Glenda Vardy Dell
Glenda Vardy Dell
President

C. Starling
Celestine Starling
Director of Finance/Chief Financial Officer

Fort Smith, Canada
November 23, 2022

Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Education, Culture and Employment

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aurora College (the College), which comprise the statement of financial position as at 30 June 2022, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at 30 June 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Aurora College coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Financial Administration Act of the Northwest Territories and regulations, the Aurora College Act and regulations, and the by laws of Aurora College.

In our opinion, the transactions of Aurora College that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the Aurora College Act, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by Aurora College and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Aurora College's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Aurora College to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Sophie Bernard, CPA, CGA
Principal
for the Auditor General of Canada

Vancouver, Canada
23 November 2022

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2022
(in thousands of dollars)

	2022	2021
Financial assets		
Cash	$ 18,974	$ 19,714
Accounts receivable (Note 3)	3,985	1,666
Inventories for sale	152	-
	23,111	21,380
Liabilities		
Accounts payable and accrued liabilities (Note 13a)	1,124	1,273
Payroll liabilities (Notes 13a and 17)	3,173	2,394
Deferred revenue (Note 15)	2,649	2,027
Due to the Government of the Northwest Territories (Note 9)	5,595	2,696
Employee future benefits (Note 4)	1,403	1,421
Professional development fund (Note 5)	3,238	2,750
	17,182	12,561
Net financial assets	5,929	8,819
Non-financial assets		
Prepaid expenses	708	510
Tangible capital assets (Note 6)	5,798	5,666
	6,506	6,176
Accumulated surplus (Note 7)	$ 12,435	$ 14,995

Contractual obligations and contractual rights (Notes 11 and 12)

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

Approved by:

Denny Rodgers
Public Administrator

Glenda Vardy Dell

Glenda Vardy Dell
President

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2022
(in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Revenues (Schedule A)			
Government of the Northwest Territories revenues (Note 8)	$ 41,818	$ 43,090	$ 42,044
Project income			
Government of Canada	5,787	4,752	3,974
Other third party contributions	2,459	2,271	1,520
Own Source revenues			
Tuition fees	1,559	2,137	1,785
Recoveries and other	548	1,482	868
Room and board	906	1,146	744
Interest income	140	174	148
	53,217	55,052	51,083
Expenses (Schedule A)			
Education and training	20,982	18,634	15,995
Student services	11,577	11,103	10,897
Pooled services	3,082	10,440	8,602
Community and extensions	11,373	9,566	9,863
Aurora Research Institute	6,644	5,686	4,915
Financial and accounting services	2,282	2,183	1,952
	55,940	57,612	52,224
Annual (deficit)	**(2,723)**	**(2,560)**	**(1,141)**
Accumulated surplus at beginning of year	14,995	14,995	16,136
Accumulated surplus at end of year	**$ 12,272**	**$ 12,435**	**$ 14,995**

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

AURORA COLLEGE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended June 30, 2022
(in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Annual (deficit)	$ (2,723)	$ (2,560)	$ (1,141)
Acquisition of tangible capital assets	755	(1,817)	(911)
Amortization of tangible capital assets	1,100	1,685	1,513
	1,855	(132)	602
Decrease (increase) in prepaid expenses	-	(198)	(145)
(Decrease) in net financial assets	(868)	(2,890)	(684)
Net financial assets at beginning of year	8,819	8,819	9,503
Net financial assets at end of year	**$ 7,951**	**$ 5,929**	**$ 8,819**

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2022
(in thousands of dollars)

	2022	2021
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$ 38,203	$ 36,336
Students and other third parties	6,184	5,210
Government of Canada	2,755	4,573
Interest	174	148
Cash paid for/to:		
Compensation and benefits	(33,507)	(36,119)
Suppliers	(12,732)	(12,284)
Cash (used for) provided by operating transactions	**1,077**	**(2,136)**
Capital transactions		
Acquisition of tangible capital assets	(1,817)	(852)
Cash used for capital transactions	**(1,817)**	**(852)**
(Decrease) increase in cash	**(740)**	**(2,988)**
Cash at beginning of year	19,714	22,702
Cash at end of year	**$ 18,974**	**$ 19,714**

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

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

1. AUTHORITY AND MANDATE

a) Authority and purpose

Aurora College (“College”) was established under the *Aurora College Act* and is named as a territorial corporation under the *Financial Administration Act* of the Northwest Territories. The College is exempt from income taxes.

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible for research activities in the NWT.

b) Contributions from the Government of the Northwest Territories

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”).

The following is a summary of the significant accounting policies.

a) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenue accruals.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Cash

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

c) Tangible capital assets

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

Mobile equipment	3 to 20 years
Building additions and renovations	20 years
Furniture and equipment	2 to 10 years
Leasehold improvements	lesser of useful life or lease term (3 to 12 years)

Work in progress costs are capitalized as incurred. Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service.

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 required under present legislation to make contributions with respect to 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, and 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

e) Government contributions

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

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

f) Own source revenues

Tuition fees, room and board, and recoveries and other are reported as revenue at the time the services are substantially provided, or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

Interest income is recognized on an accrual basis.

g) Project income 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 definition of a liability.

h) 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.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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.

j) Prepaid expenses

Payment made prior to the related services being rendered are recorded as a prepaid expense. Prepaid expenses are recognized as an expense or tangible capital asset as the related services are rendered.

k) Funds and reserves

Certain amounts, as approved by the Public Administrator, 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.

l) Financial instruments

Financial instruments are identified by financial asset and financial liability classifications.

The College's financial assets include cash and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities, payroll liabilities, due to Government and professional development fund which are all measured at cost.

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

m) 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the College's original fiscal plan for the year approved by the College's Public Administrator and do not reflect any subsequent adjustments made during the course of the year.

n) Related party transactions

Canadian public sector accounting standards require a government organization to disclose related party and inter-entity transactions. The College is related to all Government departments, territorial corporations and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Related party transactions other than inter-entity transactions are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

The College receives certain services provided by the Government without charge (Note 10). The Government's cost for these services, measured at the carrying amount are recognized as an expense with an offsetting credit to Services received without charge revenues in order to reflect the cost of the College's operations in its financial statements. Services received without charge that cannot be reliably measured are not recognized.

o) Inventories for sale

Inventories for sale consist of finished goods and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

p) Accounts receivable

Accounts receivable are recorded at cost. A valuation allowance is recorded when the collection of a receivable is considered doubtful.

q) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include trade payable and liabilities, accrued payroll and benefits and vacation pay payable. These liabilities are valued at cost.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

3. ACCOUNTS RECEIVABLE

	2022			2021
	(in thousands)			
	Accounts Receivable	Allowance	Net	Net
Government of Canada	$ 2,181	$ -	$ 2,181	$ 25
Other	1,580	235	1,345	574
Students	474	361	113	106
Government of the Northwest Territories	346	-	346	961
	$ 4,581	$ 596	$ 3,985	$ 1,666

4. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and all eligible employees contribute to the Public Service Pension Plan (the "Plan"), a multi-employer 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 $1.02 (2021 - $1.01) for every dollar contributed by the employee, and $5.91 (2021 - $3.59) for every dollar contributed by the employee for the portion of the employee's salary above $191,300 (2021 - $181,600).

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 members with start dates before January 1, 2013, the normal retirement age remains 60. For new employees who are participating in the Plan on or after January 1, 2013, the College contributes $1.00 (2021 - $1.00) for every dollar contributed by the employee, and $5.91 (2021 - $3.59) for every dollar contributed by the employee for the portion of the employee's salary above $191,300 (2021 - $181,600).

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

	2022	2021
	(in thousands)	
Employees' contributions	$ 2,291	$ 2,280
College's contributions	2,248	2,284
	$ 4,539	$ 4,564

b) Severance, removal and compensated absences

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

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

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

4. EMPLOYEE FUTURE BENEFITS (continued)

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

Valuation results

The actuarial valuation was completed as at February 11, 2022. The results were extrapolated to June 30, 2022. The effective date of the next actuarial valuation is June 30, 2025. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2022. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the College.

Changes in Obligation	Severance and Removal	Compensated Absences	2022	2021
			(in thousands)	
Accrued benefit obligation, beginning of year	$918	$371	$1,289	$1,399
Current service cost	50	39	89	91
Interest cost	30	13	43	38
Benefits paid	(79)	(37)	(116)	(190)
Actuarial (gain)/loss	95	(27)	68	(49)
Plan amendment	1	(4)	(3)	-
Accrued benefit obligation, end of year	1,015	355	1,370	1,289
Unamortized net actuarial (gain)/loss	(69)	102	33	132
Accrued benefit liability	**$ 946**	**$ 457**	**$ 1,403**	**$ 1,421**

Benefits Expense	Severance and Removal	Compensated Absences	2022	2021
			(in thousands)	
Current service cost	$50	$39	$89	$91
Interest cost	30	13	43	38
Amortization of net actuarial (gain)	(23)	(8)	(31)	(24)
Plan amendment	1	(4)	(3)	-
Total	**$58**	**$40**	**$98**	**$105**

4. EMPLOYEE FUTURE BENEFITS (continued)

Assumptions

	June 30, 2022	June 30,2021
Discount Rate	4.1% per annum	3.3% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate (removal benefits)	Nil	Nil
Mortality	CPM 2014 Public Mortality Table with MI-2017 improvement scale	CPM 2014 Public Mortality Table with MI-2017 improvement scale

The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
	(in thousands)		
2023	$ 77	$ 22	$ 99
2024	91	25	116
2025	94	23	117
2026	104	27	131
2027	118	31	149
Total	**$ 484**	**$ 128**	**$ 612**

5. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make contributions to the professional development fund, in the amount of a) 3% of eligible instructor’s salaries, and b) $1,500 for each eligible instructor. Contributions made to the professional development fund are recorded as an expense in the Statement of Operations and Accumulated Surplus.

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

	2022	2021
	(in thousands)	
Professional development fund, beginning of year	$2,750	$2,344
Contributions	623	556
Professional development paid during the year	(135)	(150)
Professional development fund, end of year	$3,238	$2,750

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

6. TANGIBLE CAPITAL ASSETS

June 30, 2022

(in thousands)	Mobile equipment	Building additions and renovations	Furniture and equipment [1]	Leasehold improvements	Work in progress	2022 Total	2021 Total
Cost							
Opening balance	$ 5,857	$ 1,991	$ 9,295	$ 1,732	$ -	$ 18,875	$ 18,010
Additions	152	-	1,282	143	240	1,817	911
Disposals	(105)	-	-	-	-	(105)	(46)
Closing balance	5,904	1,991	10,577	1,875	240	20,587	18,875
Accumulated amortization							
Opening balance	3,925	1,991	5,945	1,348	-	13,209	11,742
Amortization	326	-	1,245	114	-	1,685	1,513
Disposals	(105)	-	-	-	-	(105)	(46)
Closing balance	4,146	1,991	7,190	1,462	-	14,789	13,209
Net book value	**$ 1,758**	**$ -**	**$ 3,387**	**$ 413**	**$ 240**	**$ 5,798**	**$ 5,666**

1 Computer equipment totalling $252,791 are capitalized in furniture and equipment but not put into service and not amortized (2021 - $0).

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

7. ACCUMULATED SURPLUS

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

	(in thousands)				
Reserves	**Balance, opening July 1, 2021**	**Net results of operations**	**Appropriated**	**Used in operations**	**Balance, ending June 30, 2022**
a) Northern strategic research reserve	$ 625	$ -	$ -	$ -	$ 625
b) Program delivery	300	-	-	-	300
c) Research & development	301	-	48	-	349
d) Restricted donations	35	-	-	-	35
Total reserves	1,261	-	48	-	1,309
Operating surplus (deficit)	13,734	(2,560)	(48)	-	11,126
Total accumulated surplus	$ 14,995	$ (2,560)	$ -	$ -	$ 12,435

7. ACCUMULATED SURPLUS (continued)

a) 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.

b) 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 Public Administrator.

c) 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.

d) Restricted donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

8. GOVERNMENT OF THE NORTHWEST TERRITORIES REVENUES

	2022	2021
	(in thousands)	
Operating contributions	$ 32,689	$ 32,375
Services received without charge (Note 10)	5,887	5,369
Project income	4,514	4,300
	$ 43,090	$ 42,044

The College received 78% (2021 - 82%) of its revenue in the form of a contribution, project income and services without charge from the Government. The College's continued operations are dependent on these arrangements.

9. RELATED PARTIES

The College has Government receivables from project income and the base funding contribution disclosed in Note 8. In addition, the Government transfers tuition revenue, the value of which is $150,000 and this is recognized on the Statement of Operations and accumulated surplus within Own source revenues under Tuition fees. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits, payroll, and other expenses. The transactions giving rise to these balances are recorded at the exchange amount.

	2022	2021
	(in thousands)	
Due from Government of the Northwest Territories (Note 3)	$ 346	$ 961
Due to the Government of the Northwest Territories		
Liability for payroll services provided	$ 4,283	$ 2,452
Other & Repayable program advances	$ 1,312	$ 244
Total amount due to Government of the Northwest Territories	$ 5,595	$ 2,696

The above liabilities are non-interest bearing and payable on demand.

Expenses

The employees of the College are paid by the Government. The College reimbursed the Government for payroll expenses paid (Schedule A) of $36,588,000 during 2022 (2021 - $33,417,000) which are recorded at the exchange amount.

Under the terms of administrative agreements, the Government charges for certain support

9. RELATED PARTIES (continued)

services provided to the College. The College reimbursed the Government $ 4,509,000 (2021 – $ 4,138,000) for facility operating and utility costs, employee benefits and other expenses including costs to transform to a polytechnic university, which are recorded at the exchange amounts in these statements.

10. SERVICES RECEIVED WITHOUT CHARGE

During the year, the College received contract services, building utilities, building leases and repairs and maintenance without charge from the Government.

There are building leases in place between the College and the Government without any rental charges for the use of two facilities for two campuses, certain housing units and community learning centers. The cost of the use of these facilities is based on the Government's amortization expense for these assets, which is the carrying amount.

In addition, contract services without charge from the Government include insurance and risk management, legal counsel, project management and translation services. These services have been recorded based on the carrying amount confirmed by the Government.

	2022	2021
	(in thousands)	
Building utilities	$ 2,624	$ 2,164
Building leases	1,633	1,628
Repairs and maintenance	1,339	1,342
Contract services	291	235
	$5,887	$5,369

Services that are part of the central agency role of the Government, provided through its shared services division are not tracked. Therefore the cost cannot be reasonably estimated and they are not recorded in these financial statements. These services include, but are not limited to, construction management, records storage, computer operations, asset disposal, human resource management, payroll processing, medical travel and benefits administration.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

11. CONTRACTUAL OBLIGATIONS

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 payments as follows:

	Service agreements	Operating leases	Capital projects
		(in thousands)	
2023	$ 806	$ 2,234	$ 4,210
2024	184	1,639	590
2025	69	1,385	-
2026	7	397	-
Thereafter	-	221	-
	$ 1,066	$ 5,876	$ 4,800

12. CONTRACTUAL RIGHTS

The College has binding agreements with funding partners to implement programs/projects, and for which the following payments will be received subsequent to June 30, 2022:

Funding Partner	2022- 2023	2024-2031	Total
		(in thousands)	
Government of the Northwest Territories	$4,286	$ -	$ 4,286
Other	1,516	1,405	2,921
Government of Canada	1,008	484	1,492
	$6,810	**$1,889**	**$8,699**

13. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to the Government and the professional development fund, which are all measured at cost. The College has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

13. FINANCIAL RISK MANAGEMENT (continued)

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.

	0-90 days	91-365 days	1 to 2 years	over 2 years
		(in thousands)		
Payroll liabilities	$ 3,173	$ -	$ -	$ -
Accounts payable and accrued liabilities	1,120	4	-	-
	$ 4,293	$ 4	$ -	$ -

(b) Credit risk

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

Cash

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is $18,974,000 (2021 - $19,714,000).

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 June 30, 2022, the College's debtors are the Government, the 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 $3,985,000 (2021 - $1,666,000).

At June 30, 2022, the following accounts receivable were past due but not impaired.

13. FINANCIAL RISK MANAGEMENT (continued)

	91-365 days	1 to 2 years	over 2 years
		(in thousands)	
Other third parties	$ 566	$ 23	$ -
Students	24	-	9
Government of the Northwest Territories	9	1	-
Government of Canada	-	1	-
	$ 599	$ 25	$ 9

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

(c) Interest rate risk

The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash. This risk is not significant due to the short terms to maturity of cash.

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

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

15. DEFERRED REVENUE

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

	Contracts	Tuition	Research funds (in thousands)	2022	2021
Balance, beginning of year	$ 1,912	$ 91	$ 24	$ 2,027	$ 1,748
Additions	3,905	93	94	4,092	3,279
Revenue recognized	(3,347)	(91)	(32)	(3,470)	(3,000)
Balance, end of year	$ 2,470	$ 93	$ 86	$ 2,649	$ 2,027

16. SUBSEQUENT EVENTS

Facilities Master Plan

As part of the Aurora College transformation into a polytechnic university, the College and the Government have been working with leading technical experts in the fields of architecture, university design and community engagement to develop the Polytechnic University Facilities Master Plan (FMP). Facility Master Plans are common tools used by universities across Canada and the completion is a milestone for transformation. The FMP is a lengthy, comprehensive document. It recommends how each of the institution's physical locations should be enhanced and provides a clear picture of proposed facilities at the Thebacha, Aurora and Yellowknife North Slave campuses, as well as across the network of community learning centres over the next 5, 10 and 20 years. This document is not a commitment but will become an important planning tool for Aurora College and the Aurora College Board of Governors, and supports co-investment efforts by the Government and the College. The estimated project costs for top priority facilities is $82,900,000 for Thebacha Campus, $239,400,000 for Yellowknife Campus and $46,600,000 for Aurora Campus. The estimated project costs for medium priority facilities is $14,000,000 for Thebacha Campus, $125,200,000 for Yellowknife Campus and $13,300,000 for Aurora Campus.

Contractual obligations:

The College has signed an amendment to an agreement for the Western Arctic Research Centre Warehouse Expansion Project subsequent to June 30, 2022 and is committing to an additional transfer of funds to the Government's Department of Infrastructure in the amount of $4,020,000 to be paid by March 31, 2024.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

17. PAYROLL LIABILITIES

	2022	2021
	(in thousands)	
Vacation leave accrual	$ 2,548	$ 2,280
Special leave and salaries accrual	483	11
Time off in lieu of overtime	142	103
	$3,173	$2,394

18. OVEREXPENDITURE

During the year the College exceeded their operations vote by $1,672,000 or 3% (2021 – 0).

Overexpenditure of a vote contravenes subsection 71 of the Financial Administration Act which states that "No person shall incur an expenditure that causes the amount of the appropriation set out in the Estimates for a public agency to be exceeded".

19. COMPARATIVE FIGURES

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

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2022

20. SEGMENTED 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.

20. SEGMENTED DISCLOSURE (continued)

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 conducting and facilitating research activities in the NWT.

AURORA COLLEGE
Segmented disclosures
June 30, 2022

Schedule A

For the year ended June 30, 2022 (in thousands)	Financial and accounting	Pooled services*	Student services	Education and training	Community and extensions	Aurora Research Institute	2022 Total	2022 Budget	2021 Total
Revenues									
Government of the Northwest Territories revenues	$ 2,140	$ 626	$ 10,404	$ 18,539	$ 8,343	$ 3,038	$ 43,090	$ 41,818	$ 42,044
Project income									
Federal government	-	-	-	-	1,844	2,908	4,752	2,459	3,974
Other third party contributions	2	-	22	1,463	123	661	2,271	5,787	1,520
Own Source Revenue									
Tuition fees	-	-	28	1,482	626	1	2,137	1,559	1,785
Recoveries and other	15	778	469	27	18	175	1,482	548	868
Room and board	-	-	1,076	-	-	70	1,146	906	744
Interest income	174	-	-	-	-	-	174	140	148
	2,331	1,404	11,999	21,511	10,954	6,853	55,052	53,217	51,083
Expenses									
Compensation and benefits	1,985	5,078	5,063	12,139	8,292	4,031	36,588	34,677	33,417
Building leases	-	6	4,956	1,792	34	-	6,788	6,785	6,351
Contract services	11	1,184	218	298	531	1,130	3,372	1,961	2,641
Utilities	-	-	67	2,670	2	14	2,753	2,531	2,273
Repairs and maintenance	49	1,341	185	411	15	27	2,028	2,159	1,794
Amortization of tangible capital assets	-	1,685	-	-	-	-	1,685	1,100	1,513
Materials and supplies	15	126	136	700	314	196	1,487	2,153	1,648
Fees and payments	100	872	74	140	38	55	1,279	1,647	1,336
Communication, postage and freight	8	97	338	170	79	117	809	916	804
Travel and accommodation	7	40	4	164	68	54	337	659	175
Small equipment	8	11	62	108	37	62	288	711	155
Professional services	-	-	-	42	156	-	198	641	117
	2,183	10,440	11,103	18,634	9,566	5,686	57,612	55,940	52,224
Annual (deficit) surplus	$ 148	$(9,036)	$ 896	$ 2,877	$ 1,388	$ 1,167	$(2,560)	$(2,723)	$(1,141)

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

APPENDIX A

UNAUDITED WRITE-OFFS

Balance Exceeds 7 Years		
Customer Name	**Accounting Date**	**Amount**
Leslie Beaulieu	2013-09-09	$744.87
Robert Beaulieu	2013-04-08	$50.00
Chantelle Beck	2012-09-04	$236.57
Doris J Catholique	2013-09-25	$186.09
Merlanda Chille	2014-05-07	$60.00
Mandy Cleary	2015-02-18	$131.46
Josh Desjarlais	2013-05-10	$46.57
Adrian Drakes	2015-05-04	$70.00
Mary Firth	2014-07-16	$150.00
Jean-Sebastien Fore	2014-06-03	$210.00
Judith Gale	2014-05-30	$7,998.00
Clara George	2014-01-22	$1,563.00
Norbert Steve Gomes	2014-10-22	$96.69
Kara Lola Hendrie	2015-06-02	$1,080.00
Cassien Kaskamin	2015-06-01	$63.00
Priscilla Lamouelle	2015-11-30	$5,797.16
Fiona Lyall	2014-10-17	$65.00
Vicki Lee Martin	2014-09-15	$173.66
Gregory McDonald	2013-05-15	$75.00
Jordan Mercredi	2015-06-30	$575.00
Andrew Modeste	2013-09-09	$1,084.00
Pauline Mulgrave	2015-02-19	$357.50
Douglas Norwegian	2014-04-23	$1,626.66
Tammie O'Connor	2013-06-25	$210.00
Jodie Raymond	2013-09-06	$1,807.48

Jamie Marlin Shae	2015-06-30	$249.00
Mary Madeline Smallgeese	2013-03-22	$128.10
Carlene Smith	2015-02-10	$480.00
Tynan Strus	2013-05-15	$45.00
Cecile Tachynski	2014-10-01	$186.00
Chelsea Taylor	2015-02-25	$3,517.12
Lacey Taylor	2015-02-25	$3,702.38
Annie Rose Thrasher	2015-05-01	$7,323.84
Joshua Wanazah	2014-08-07	$117.44
Bertha (Martina) Wedzin	2013-08-30	$685.00
Courtney Jane Wedzin	2015-06-30	$977.00
Nolan Weyallon	2015-06-30	$270.00
Dusty Yakeleya	2015-06-30	$2,373.50
Karla Zoe	2013-09-05	$1,950.00
	Total	**$46,462.09**

Balance Under $30		
Customer Name	**Accounting Date**	**Amount**
Catherine LaForest	11/25/2021	$25.12
Alfred Wegener Institute	10/18/2021	$14.00
Shiela Estuye	07/03/2020	$10.00
	Total	**$49.12**

Credit Balance Under $10		
Customer Name	**Accounting Date**	**Amount**
Gaylen Pischinger	01/09/2020	-$7.00
Brett Elemie	02/28/2020	-$5.00
Ashley Emaghok	08/10/2020	-$5.00
Crystal Anderson	10/15/2021	-$5.00
Actua	10/01/2021	-$1.00
Misbah Hafeez	11/05/2021	-$1.00
Nadia Strelioff	04/29/2022	-$0.70
Priscilla Lamouelle	04/29/2022	-$0.45
Miranda Taureau	03/04/2022	-$0.27
Receiver General of Canada	07/15/2021	-$0.12
John Jr. Francis	03/07/2022	-$0.03
Karin Von Allmen	11/03/2021	-$0.02
	Total	**-$25.59**

COLLÈGE
AURORA
COLLEGE

ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2023

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Arctic Energy Alliance

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Website: www.aea.nt.ca
101-5102 51st Street
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 applicable for government not-for-profit organizations. Where necessary, the statements include amounts that are based on informed judgments and estimates by management giving appropriate consideration to reasonable limits of materiality.

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

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

Mark Heyck
Executive Director

June 20, 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of
Arctic Energy Alliance

Opinion

We have audited the financial statements of Arctic Energy Alliance (the "Society"), which comprise the Statement of Financial Position as at March 31, 2023, and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The Annual Report, but does not include the financial statements and our auditor's report thereon.

The Annual Report has been made available to us before the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Avery Cooper & Co. Ltd.

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

June 20, 2023

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION

March 31, 2023

ASSETS

	2023	2022
CURRENT		
Cash	$ 2,388,250	$ 1,550,223
Short term investments (note 3)	92,218	90,380
Accounts receivable (note 4)	329,972	573,132
Government remittances receivable (note 6)	20,624	2,709
	2,831,064	2,216,444
TANGIBLE CAPITAL ASSETS (note 5)	46,049	27,159
	$ 2,877,113	$ 2,243,603

LIABILITIES

	2023	2022
CURRENT		
Wages and benefits payable	$ 21,098	$ 35,840
Government remittances payable (note 6)	76,401	78,787
Trade payables and accruals (note 7)	143,773	164,631
Contributions payable (note 8)	835,205	203,036
Deferred revenue (note 9)	50,000	31,500
Deferred lease inducement liability	-	5,000
	1,126,477	518,794
DEFERRED GOVERNMENT ASSISTANCE (note 10)	8,193	11,870
	1,134,670	530,664

NET ASSETS

	2023	2022
ACCUMULATED SURPLUS per page 3	699,774	721,723
RESERVES per page 3	1,012,813	983,925
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	29,856	7,291
	1,742,443	1,712,939
	$ 2,877,113	$ 2,243,603

Approved:

_______________ Director _______________ Director

See accompanying notes

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS
For the year ended March 31, 2023

	(note 15) 2023 Budget	2023 Actual	2022 Actual
REVENUES			
Contributions from GNWT	$ 6,051,500	$ 4,174,331	$ 4,595,487
Contributions from Canada	406,348	324,483	225,652
Membership fees	227,500	227,500	227,500
Other source income	49,091	222,084	159,820
Interest income	10,000	45,660	5,934
	6,744,439	4,994,058	5,214,393
EXPENSES			
Advertising and promotion	95,176	76,918	45,982
Amortization	6,029	10,273	6,700
Bad debts (recovered)	-	9,555	(20,000)
Consulting fees	247,531	339,939	131,267
Equipment rental	3,280	3,278	3,278
Facility rental and tradeshow fees	31,845	15,673	8,379
Fees and dues	22,837	17,383	14,693
Hospitality	58,200	16,843	8,351
Insurance	14,000	15,921	13,753
Interest and bank charges	5,500	3,520	4,458
Office and general	131,456	139,501	122,412
Professional development	56,146	41,767	48,964
Professional fees	26,000	25,546	34,637
Rebates	2,904,598	1,382,412	1,853,667
Rent and utilities	191,591	193,232	171,409
Telephone, Internet and Website	48,280	45,530	43,943
Travel and accommodation	408,584	282,656	111,491
Wages and benefits	2,674,865	2,344,607	2,358,604
	6,925,918	4,964,554	4,961,988
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (181,479)	$ 29,504	$ 252,405

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2023

2023

	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 721,723	$ 983,925	$ 7,291	$ 1,712,939
Excess of revenues over expenses	29,504	-	-	29,504
Transfer to reserves (note 19)	(28,888)	28,888	-	-
Purchase of tangible capital assets	(29,161)	-	29,161	-
Amortization of tangible capital assets	10,273	-	(10,273)	-
Amortization of deferred government assistance	(3,677)	-	3,677	-
BALANCE, closing	$ 699,774	$ 1,012,813	$ 29,856	$ 1,742,443

2022

	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	$ 464,261	$ 985,958	$ 10,315	$ 1,460,534
Excess of revenues over expenses	252,405	-	-	252,405
Transfer to reserves (note 19)	2,033	(2,033)	-	-
Amortization of tangible capital assets	6,701	-	(6,701)	-
Amortization of deferred government assistance	(3,677)	-	3,677	-
BALANCE, closing	$ 721,723	$ 983,925	$ 7,291	$ 1,712,939

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES (note 20)		
Cash received from:		
GNWT contributions	$ 4,796,000	$ 4,884,047
Canada contributions	415,084	97,433
Other source income	388,643	44,124
Membership fees	232,500	447,500
Interest income	45,660	5,565
	5,877,887	5,478,669
Cash paid for:		
Materials and services	2,648,964	2,546,663
Wages and benefits	2,361,735	2,380,211
	5,010,699	4,926,874
	867,188	551,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(29,161)	-
Redemption of short-term investments	90,000	378
Purchase of short-term investments	(90,000)	(367)
	(29,161)	11
INCREASE IN CASH	838,027	551,806
CASH, opening	1,550,223	998,417
CASH, closing	$ 2,388,250	$ 1,550,223

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

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.

(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	60%	Declining balance
Computer software	5 years	Straight-line
Heating equipment	20 years	Straight-line
Office equipment	40%	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 $10,000 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 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 expenses are allocated to programs, as applicable, based on actual hours worked.

(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, 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:

	2023	2022
2.60% interest, non-edeemable, matures April 20, 2023	$ 90,000	$ 90,000
Accrued interest	2,218	380
	$ 92,218	$ 90,380

4. ACCOUNTS RECEIVABLE

	2023	2022
Contributions receivable:		
Government of the Northwest Territories	$ 278,456	$ 299,456
Government of Canada	86,344	176,946
Total contributions receivable	364,800	476,402
Members	10,000	10,000
Other	31,696	153,699
Allowance for doubtful accounts	(76,524)	(66,969)
	$ 329,972	$ 573,132

5. TANGIBLE CAPITAL ASSETS

	2023			2022
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 36,010	$ 36,010	$ -	$ -
Computer software	26,224	24,738	1,486	4,456
Heating equipment	36,242	18,227	18,015	19,827
Leasehold improvements	56,557	31,663	24,894	-
Office equipment	48,452	46,798	1,654	2,876
	$ 203,485	$ 157,436	$ 46,049	$ 27,159

Net assets invested in tangible capital assets as at March 31, 2023, are as follows:

5. TANGIBLE CAPITAL ASSETS, continued

	2023	2022
Tangible capital assets	$ 46,049	$ 27,161
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(8,193)	(11,870)
Net assets invested in tangible capital assets per page 3	$ 29,856	$ 7,291

6. GOVERNMENT REMITTANCES

	2023	2022
Goods & Services Tax rebates receivable	$ 20,624	$ 2,709

	2023	2022
Payroll remittances payable	$ 71,068	$ 73,178
Related parties:		
GNWT Finance - NWT Payroll Tax payable	5,333	5,609
	$ 76,401	$ 78,787

7. TRADE PAYABLES AND ACCRUALS

	2023	2022
Accrued liabilities		
Pellet boiler asset retirement obligation	$ 8,000	$ 8,000
Other	57,378	42,015
	65,378	50,015
Trade payables	78,395	114,618
	$ 143,773	$ 164,633

8. CONTRIBUTIONS PAYABLE

	Balance opening	Unexpended	Repaid	Balance closing
GNWT - Infrastructure Low Carbon Economy Leadership Fund (LCELF)	$ 97,513	$ 632,169	$ -	$ 729,682
GNWT - MACA Non-Government Organization Stabilization Operations	40,000	-	-	40,000
Other	65,523	-	-	65,523
	$ 203,036	$ 632,169	$ -	$ 835,205

9. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Infrastructure (INF), and Health and Social Services (H&SS), and the Government of Canada. Contribution agreements stipulate that any unexpended funds must be repaid on demand.

Deferred revenue represents unspent restricted contributions for which the related expenses will not be recognized until a later period. Changes in deferred revenue balances during the year are summarized below and detailed in Schedule I.

	2023	2022
Restricted contributions balance, opening	$ 31,500	$ 50,000
Receipts	4,773,138	4,512,207
Funding receivable	326,344	437,945
Transfer to funding repayable	(632,168)	(97,513)
Funding expended	(4,498,814)	(4,871,139)
Restricted contributions balance, closing	-	31,500
Membership fees received in advance: GNWT-ENR	50,000	-
Deferred revenue, closing	$ 50,000	$ 31,500

10. DEFERRED GOVERNMENT ASSISTANCE

	2023			2022
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	$ 14,121	$ 7,413	$ 6,708	$ 7,414
GNWT-ENR - Energy Efficiency Incentive Program: Database	14,853	13,368	1,485	4,456
	$ 28,974	$ 20,781	$ 8,193	$ 11,870

11. RESERVES

During the year, Arctic Energy Alliance transferred $28,888 from the unrestricted net assets to meet its capital management objectives as described in Note 19. In prior year, $2,033 was transferred to the unrestricted net assets for the same purpose. The reserves at March 31, 2023, of $1,012,813 (2022 - $983,925) 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:

	2023 Budget	2023 Actual	2022 Actual
Excess of revenues over expenses per page 2	$ (181,479)	$ 29,504	$ 252,405
	-	-	-
Amortization of tangible capital assets	6,029	10,273	6,702
Purchase of tangible capital assets	-	(29,163)	-
Amortization - deferred government assistance	(3,677)	(3,677)	(3,676)
Increase (decrease) in net financial assets	(179,127)	6,937	255,431
Net financial assets, opening	1,697,650	1,697,650	1,442,219
Net financial assets, closing (note 19)	$ 1,518,523	$ 1,704,587	$ 1,697,650

12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2023	2022
Government of the Northwest Territories	$ 150,000	$ 150,000
GNWT - Crown Corporations	67,500	67,500
Other	10,000	10,000
	$ 227,500	$ 227,500

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

	2023	2022
GNWT:		
Department of Environment and Natural Resources	$ 50,000	$ 50,000
Department of Infrastructure	50,000	50,000
Department of Municipal and Community Affairs	50,000	50,000
	150,000	150,000
GNWT - Crown Corporations:		
Northwest Territories 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. SUBSEQUENT EVENTS

Subsequent to year-end, the Society had the following events:

Contractual rights

- Entered into a contribution agreement with GNWT, Department of Infrastructure, for 2023-24 core and program funding for a maximum of $3,520,000 of which $3,168,000 was received, and

- Entered into a contribution agreement with GNWT, Department of Infrastructure, for 2023-24 Low Carbon Economy Leadership Fund (LCELF) funding for a maximum of $3,227,000.

14. TRUSTS UNDER ADMINISTRATION

At March 31, 2023, the Society holds $19,146 (2022 - $15,918) in a bank account in trust on behalf of the Tlicho Government. As trustee, the Society administers these funds in accordance with a partnership agreement under the Wood Stove program. These funds are excluded from the financial statements.

15. BUDGET

The 2023 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited. The budget was approved by the Board of Directors on June 7, 2022.

The approved budget is prepared on a modified cash basis which differs from budget amounts reported in the financial statements, which are prepared in accordance with Canadian public sector accounting standards applicable to government not-for-profit organizations on the full accrual basis of accounting. There were no significant differences during the current year.

16. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, GIC investment, 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.

17. COMMITMENTS

The Society has entered into operating leases for office space for the Yellowknife, Hay River, Fort Simpson, Inuvik, and Norman Wells offices, expiring between June 30, 2023 and February 28, 2025 and office equipment expiring August 18, 2025 in Yellowknife. Future minimum lease payments are as follows.

	Office Space	Office Equipment	Total
2024	$ 118,956	$ 3,200	$ 122,156
2025	83,776	3,200	86,976
2026	-	1,600	1,600
	$ 202,732	$ 8,000	$ 210,732

17. COMMITMENTS, continued

The lease for office space in Yellowknfe carries an extension of term option for an additional two (1) year terms with the consideration of a CPI increase.

Upon signing of the lease agreement, the landlord paid $5,000 in tenant inducement towards the renovation of the additional second floor space. As at March 31, 2023, the renovation had been completed.

The lease for office space in Norman Wells carries an extension of term option for two years from September 1, 2024 to August 31, 2026.

The lease for office space in Hay River carries an option to extend on a yearly basis to March 31, 2025.

During the year, included in other source income revenue are in-kind contributions with a total fair value of $143,087 (2022- $58,575). These services are in connection with the Natural Resources Canada - Clean Energy in Rural and Remote Communities (CERRC) Program, and consist of salaries and benefits of $109,567 (2022 - $36,900), office expenses $29,520 (2022 - $18,875), and facility rental of $4,000 (2022 - $2,800).

18. CONTRACTUAL RIGHTS

The Society signed a multi-year non-repayable contribution agreement with the Federal Government's Department of Natural Resources, and with the GNWT's Department of Health and Social Services. Maximum contribution remaining under the Agreement is as follows:

	Clean Energy in Rural and Remote Communities Deployment Program (Government of Canada	Designated Income Homeowner Energy Efficiency Project (GNWT)	Total
2023-2024	$ 27,000	$ 30,000	$ 57,000

19. 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.

The Society manages funding risk by establishing internally restricted 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, 2023, 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, 2023, are as follows:

	2023	2022
Accumulated surplus	$ 699,774	$ 721,723
Reserves	1,012,813	983,925
Invested in tangible capital assets	29,856	7,291
Net assets per page 3	1,742,443	1,712,939
Tangible capital assets	46,049	27,159
Deferred government assistance	(8,193)	(11,870)
	37,856	15,289
Net financial assets (note 11)	$ 1,704,587	$ 1,697,650

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 limit funded by short term investments as described in Note 3.

Contingency Reserve - To set aside funds for contingencies which may arise. This reserve reached the maximum cap of $70,000 and no more annual transfers are being recorded until the cap is increased or some of the balance is used.

19. CAPITAL MANAGEMENT, continued

	Opening Balance	Transfers	Closing Balance
Operating Reserve	$ 823,925	$ 28,888	$ 852,813
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	70,000	-	70,000
	$ 983,925	$ 28,888	$ 1,012,813

20. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2023	2022
Excess of revenues over expenses per page 2	$ 29,504	$ 252,405
Items not affecting cash:		
Amortization of tangible capital assets	10,273	6,700
Amortization of deferred government assistance	(3,676)	(3,676)
Change in accrued interest from GICs	(2,218)	(748)
Interest income received relating to short-term investments	380	369
Bad debts (recovered)	9,555	(20,000)
	43,818	235,050
Net change in non-cash operating working capital accounts:		
Decrease in accounts receivable	233,605	214,618
(Increase) decrease in GST receivable	(17,917)	14,647
Decrease in wages and benefits payable	(14,742)	(16,042)
Decrease in government remittances payable	(2,386)	(11,566)
Increase (decrease) in trade payables and accruals	(20,859)	31,075
Increase in contribution repayable	632,169	97,513
Increase (decrease) in deferred revenue	18,500	(18,500)
(Decrease) increase in deferred lease inducement liability	(5,000)	5,000
	823,370	316,745
Cash flows used for operating activities per page 4	$ 867,188	$ 551,795

21. RELATED PARTIES

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

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

	2023	2022
Revenue		
Revenue - Northwest Territories Housing Corporation	$ -	$ 17,550
Expenses		
Aurora College: Professional development	$ 3,662	$ -
Workers' Safety and Compensation Commission	19,171	23,157
	$ 22,833	$ 23,157
Receivables from related parties:		
GNWT - Environment & Natural Resources (ENR)	$ 37,176	$ 37,176
GNWT - Health and Social Services	-	21,000
GNWT - Infrastructure	241,280	241,280
Northwest Territories Housing Corporation	-	113,885
	$ 278,456	$ 413,341

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2023

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
CONTRIBUTIONS								
GOVERNMENT OF CANADA								
Department of Natural Resources (NRCan)								
Clean Energy in Rural and Remote Communities (CERRC)	$ -	$ 238,138	$ 86,344	$ -	$ -	$ 324,483	$ 324,483	$ -
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Infrastructure - Core and Program Funding								
Core Funding	-	$ 1,360,000	240,000		(40,147)	1,559,853	1,559,853	-
Alternative Energy Technologies Program (AETP)	-	$ 300,000	-		47,035	347,035	347,035	-
Energy Rating Services Support Program (ERS)	-	$ 150,000	-	12,924	75,000	212,076	212,076	-
Energy Efficiency Incentive Program (EEIP)	-	$ 200,000	-		36,217	236,217	236,217	-
Biomass Energy	-	$ 100,000	-		(39,524)	60,476	60,476	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	$ 200,000	-		(9,500)	190,500	190,500	-
Community Government Retrofits (CGERP)	-	$ 190,000	-		5,919	195,919	195,919	-
Electric Vehicle	31,500	$ 150,000	-	54,000	(75,000)	52,500	52,500	-
	31,500	2,650,000	240,000	66,924	-	2,854,576	2,854,576	-
Department of Infrastructure - Low Carbon Economy Leadership Fund (LCELF)								
Alternative Energy Technologies Program (AETP)	-	500,695	-	316,385	-	184,310	184,310	-
Energy Efficiency Incentive Program (EEIP)	-	205,489	-		-	205,489	205,489	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,450	-	129,538	-	70,912	70,912	-
Community Government Building Energy Retrofit (CGBERP)	-	83,801	-	1,195	-	82,606	82,606	
Deep Home Energy Retrofit	-	241,456		61,119	-	180,337	180,337	-
Low Income Energy Assistance	-	86,711		17,081	-	69,630	69,630	

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
Energy Efficiency and Conservation Retrofits - NGO	-	167,752	-	2,203	-	165,549	165,549	-
Community Energy Plan Implementation	-	105,763	-	37,723	-	68,040	68,040	-
Community Wood Stoves	-	207,883	-	-	-	207,883	207,883	-
	-	1,800,000	-	565,244	-	1,234,756	1,234,756	
Total INF	31,500	4,450,000	240,000	632,169	-	4,089,331	4,089,331	-
Department of Health & Social Services (H & SS)								
Low Income Energy Retrofits	-	42,000	-	-	-	42,000	42,000	-
Community Wood Stoves	-	18,000	-	-	-	18,000	18,000	-
Total H & SS	-	60,000	-	-	-	60,000	60,000	-
Department of Infrastructure								
Cold Climate Air Source Heat Pumps	-	25,000	-	-	-	25,000	25,000	-
Total INF	-	25,000	-	-	-	25,000	25,000	-
Total GNWT	31,500	4,535,000	240,000	632,169	-	4,174,331	4,174,331	-
Other Revenue								
Membership fee received in advance from ENR	-	50,000	-	-	-	50,000	-	50,000
Total Other Revenue	-	50,000	-	-	-	50,000	-	50,000
Total contributions	$ 31,500	$ 4,823,138	$ 326,344	$ 632,169	$ -	$ 4,548,814	$ 4,498,814	$ 50,000

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2023

	Total	Core Funding	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program	Biomass Energy
REVENUES					
Contributions from GNWT	$ 4,174,331	1,559,853	347,035	212,076	60,476
Contributions from Canada	324,483	-	-	-	-
Membership fees	227,500	227,500	-	-	-
Other source income	218,407	9,100	-	38,200	-
Interest income	45,660	45,660	-	-	-
	4,990,381	1,842,112	347,035	250,276	60,476
EXPENSES					
Advertising and promotion	76,918	48,013	-	-	19,255
Amortization	-	-	-	-	-
Bad debts (recovered)	9,555	9,555	-	-	-
Consulting fees	339,939	49,387	-	61,428	905
Equipment rental	3,278	3,278	-	-	-
Facility rental and tradeshow fees	15,673	7,335	-	-	702
Fees and dues	17,383	14,083	-	561	1,485
Hospitality	16,843	12,146	-	-	-
Insurance	15,921	15,921	-	-	-
Interest and bank charges	3,520	3,520	-	-	-
Office and general	139,500	88,464	-	949	-
Professional development	41,767	16,670	-	-	-
Professional fees	25,546	25,546	-	-	-
Rebates	1,382,412	-	327,544	-	-
Rent and utilities	193,232	193,232	-	-	-
Telephone, Internet and Website	45,530	45,530	-	-	-
Travel and accommodation	282,656	178,039	-	6,228	-
Wages and benefits	2,344,607	1,158,345	19,491	142,909	38,130
	4,954,281	1,869,064	347,035	212,076	60,476
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	36,100	(26,952)	-	38,200	-
TRANSFERS					
Amortization of tangible capital assets	(10,273)	(10,273)	-	-	-
Amortization of government assistance	3,677	3,677	-	-	-
	(6,596)	(6,596)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 29,504	$ (33,548)	$ -	$ 38,200	$ -

See accompanying notes.

Schedule II

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2023

	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Retrofits (CGERP)	Energy Efficiency Incentive Program (EEIP)	Alternative Energy Technologies LCELF	Energy Efficiency Incentive Program LCELF
REVENUES					
Contributions from GNWT	190,500	195,919	236,217	184,310	205,489
Contributions from Canada	-	-	-	-	-
Membership fees	-	-	-	-	-
Other source income	-	7,729	-	-	-
Interest income	-	-	-	-	-
	190,500	203,648	236,217	184,310	205,489
EXPENSES					
Advertising and promotion	256	-	20	-	3,687
Amortization	-	-	-	-	-
Bad debts (recovered)	-	-	-	-	-
Consulting fees	8,785	20,494	8,499	6,890	553
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	88	159
Hospitality	-	-	1,199	-	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	-	18,710	-	-	1
Professional development	-	-	-	2,179	3,949
Professional fees	-	-		-	-
Rebates	142,918	123,331	195,962	84,910	106,617
Rent and utilities	-		-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	40	-	-	-	-
Wages and benefits	38,501	33,385	30,537	90,243	90,523
	190,500	195,919	236,217	184,310	205,489
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	7,729	-	-	-
TRANSFERS					
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ -	$ 7,729	$ -	$ -	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2023

	Commercial Energy Conservation & Efficiency LCELF	Community Government Building Energy Retrofit LCELF	Deep Home Energy Retrofit LCELF	Low Income Home Energy Assistance LCELF	Energy Efficiency & Conservation Retrofits NPOs LCELF
REVENUES					
Contributions from GNWT	70,912	82,606	180,337	69,630	165,549
Contributions from Canada	-	-	-	-	-
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	70,912	82,606	180,337	69,630	165,549
EXPENSES					
Advertising and promotion	730	-	-	712	-
Amortization	-	-	-	-	-
Bad debts (recovered)	-	-	-	-	-
Consulting fees	-	-	8,240	-	-
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	1,383	-
Fees and dues	102	159	159	-	159
Hospitality	-	-	-	546	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-		-
Office and general	-	-	-	90	-
Professional development	2,533	3,949	3,949	-	3,949
Professional fees	-	-	-	-	-
Rebates	-	3,801	64,755	7,301	78,418
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	4,904	18,383	-
Wages and benefits	67,547	74,697	98,331	41,216	83,023
	70,912	82,606	180,337	69,630	165,549
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	-	-	-	-
TRANSFERS					
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ -

Schedule II

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2023

	Community Energy Plan Implementation LCELF	Community Wood Stoves LCELF	Community Wood Stoves GNWT	Low Income Home Winterization GNWT	Cold Climate Air Source Heat Pumps
REVENUES					
Contributions from GNWT	68,040	207,883	18,000	42,000	25,000
Contributions from Canada	-	-	-	-	-
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	20,292
Interest income	-	-	-	-	-
	68,040	207,883	18,000	42,000	45,292
EXPENSES					
Advertising and promotion	581	-	-	-	267.39
Amortization	-	-	-	-	-
Bad debts (recovered)	-	-	-	-	-
Consulting fees	-	7,538	-	-	44,842
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	184	-	-	-	-
Hospitality	-	-	-	-	-
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	-	-	-	-	182.50
Professional development	4,589	-	-	-	-
Professional fees	-	-	-	-	-
Rebates	-	140,225	18,000	36,131	-
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	12,786	-	5,869	-
Wages and benefits	62,686	47,335	-	-	-
	68,040	207,883	18,000	42,000	45,292
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	-	-	-	-
TRANSFERS					
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2023

	Electric Vehicle Rebate Program	CERRC Canada
REVENUES		
Contributions from GNWT	52,500	$ -
Contributions from Canada	-	324,483
Membership fees	-	-
Other source income	-	143,087
Interest income	-	
	52,500	467,570
EXPENSES		
Advertising and promotion	-	3,397
Amortization	-	-
Bad debts (recovered)	-	-
Consulting fees	-	122,377
Equipment rental	-	-
Facility rental and tradeshow fees	-	6,254
Fees and dues	-	246
Hospitality	-	2,952
Insurance		-
Interest and bank charges	-	-
Office and general	-	31,104
Professional development	-	-
Professional fees	-	-
Rebates	52,500	-
Rent and utilities	-	-
Telephone, Internet and Website	-	-
Travel and accommodation	-	56,407
Wages and benefits	-	227,709
	52,500	450,446
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	17,124
TRANSFERS		
Amortization of tangible capital assets	-	-
Amortization of government assistance	-	-
	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ -	$ 17,124

See accompanying notes.

HOUSING
Northwest Territories

2022-2023 Annual Report





www.housingnwt.ca

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Norman Wells Duplexes were built in conjunction with CAB Construction out of Hay River and the Norman Wells Claimant Corporation.

Minister's Message

My fellow Northerners,
2022-2023 was a year of leaning hard into the renewed Mission of Housing NWT: to increase the well-being of individuals and communities by providing fair access to quality housing support for people most in need. Strengthening relationships with Indigenous Governments resulted in innovative partnering like never before. We particularly thank the Council of Leaders' housing working group. Their invaluable feedback and advice on our policies and programs drove many of our changes and will lead to better outcomes.

We have been pleased to watch Distinctions Based Funding unfold, meaning, the Crown increasingly funds Indigenous Governments directly, giving full autonomy over Housing decisions to the First Nations, Métis and Inuit who lived here for generations. When this happens, Housing NWT remains fully available to support as requested.

Sometimes parties prefer to formalize the nature of working together, such as the Sahtu Secretariat Incorporated Memorandum of Agreement, the Tlicho Government Memorandum of Understanding and the Délı̨nę Got'ı̨nę Government Memorandum of Understanding. These agreements set out a formal framework for collaboration on housing planning and initiatives and are all historic and promising new ways of working together. It is reconciliation in action and it reflects this Government's mandate to implement the United Nations Declaration on the Rights of Indigenous Peoples.

These are all inspiring developments that will profoundly shape the future of housing in the north. But I would be remiss not to acknowledge the 50 years of housing work that has already been done, with the ongoing support of our other partner, the Government of Canada. These 50 years were celebrated on National Housing Day. Most recently, under Budget 2022 Housing NWT received a $60 million funding allocation from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) over two years that directly supported our government's Mandate in increasing the number of affordable housing units for the territory and also address much-needed repairs to aging housing infrastructure.

As I often say, the NWT housing crisis cannot be solved by Housing NWT alone. But by collaborating with our partners, I am hopeful that we are closer to meeting the housing needs of our NWT residents. I look forward to watching how the next Government builds upon this solid foundation.

Mahsi,

Honourable Paulie Chinna
Minister Responsible For
Housing Northwest Territories

President's Message

This is my third Annual Report on the housing activities that have occurred during my role as President. It has been gratifying to witness the Housing NWT Renewal from its inception to now seeing the specific program and process changes growing out of it.

The Minister enumerated the evolving political and partnership approaches; here I will describe some of the resulting practical changes in how we operate in a renewed way.

Where to start? Perhaps with the unexpected all-hands-on-deck, beyond-their-job-description assistance our Housing NWT staff provided to the residents of Hay River who experienced sudden dislocation due to flooding. This was client-focused responsiveness in action.

This same responsiveness was also evident in the ongoing work in supporting communities as they developed their individual housing plans. Communities took the lead in this important aspect of finding resident-centred housing solutions. I am pleased that Hay River, Kátł'odeeche First Nation and Nahanni Butte completed theirs with the support of Housing NWT staff. Congratulations to each of the communities who exercised their local control over such a core part of living.

As part of Housing NWT's renewal, we eliminated the co-pay requirement for emergency repairs. We understood that requiring funds in the midst of needing an emergency repair caused further burden. So we eliminated it enabling individuals to return to a safe, properly repaired home without added financial stress.

We are all too aware of the climate change impacts in the North, where temperatures are warming at many times the global average. Housing NWT is getting ahead of this by developing an Energy Strategy specific to building housing to be finalized in 2023. Our Energy Strategy supports the core value of Housing NWT's mandate to *look for environmental and fiscal sustainability in all aspects of our work.* This strategy also focuses on innovation in construction programs taking into account cultural appropriateness, energy efficiency, climate change, greenhouse gas reduction, and changing technology and demographics.

I wish to thank the staff at Housing NWT for their continued work in carrying out our business activities with a renewed mindset of reconciliation and collaboration, all with an eye to the challenges the future will bring. We look forward to continuing to build tomorrow.

Eleanor Young

Eleanor Young
President & CEO,
Housing NWT

Mandate

Mission

Increasing the well-being of individuals and communities by providing fair access to quality housing support for people most in need.

Vision

We are a respected partner in providing effective housing support for people most in need.

Values

Client-Focused

- We are fair, respectful and compassionate
- We recognize that everyone has a unique lived experience that may include past trauma
- We communicate clearly and often

Collaboration

- We look for and accept opportunities to collaborate
- We recognize that greater success comes from working together
- We take steps to build and maintain partnerships

Accountability

- We are accountable to our clients, to our employees, to our partners and to the public for our conduct and our use of public resources
- We are transparent
- We look for accountability in others

Innovation

- We strive to continue to improve
- We are creative, adaptable and flexible
- We measure our effectiveness

Reconciliation

- We acknowledge the Indigenous inherent right of self-government
- We engage with Indigenous Governments on a government-to-government basis
- We educate ourselves about the NWT's history of colonization
- We strive for cultural appropriateness in our work

Sustainability

- We look for environmental and fiscal sustainability in all aspects of our work.

Corporate Structure

Corporate Summary

Housing NWT provides public 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 needs of NWT residents and to promote self-reliance. Housing NWT incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. Housing NWT 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, Housing NWT partners with Local Housing Organizations, and municipal and Indigenous governments to manage and administer community housing services in 33 communities.

Branches:

The Executive

Comprised of the President's Office and the Policy and Planning Division, the Executive 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 Northwest Territories Housing Corporation, providing overall strategic and operational direction, leading the senior management team and managing the human and financial resources of Housing NWT.

Policy and Planning

The Policy and Planning Division provides support regarding long-term strategic direction and planning for Housing NWT. This Division is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications and homelessness initiatives. This Division represents Housing NWT at the Federal/Provincial/Territorial level, on interdepartmental working groups and other committees.

Finance and Infrastructure Services

Comprised of the Finance and Administration Division, Financial Planning Section, the Infrastructures Services Division and the Occupational Health and Safety (OH&S) Section.

Finance and Administration Division

The Finance and Administration Division is responsible for the overall financial affairs of Housing NWT. This includes the provision of accounting and advisory services, reporting and monitoring, treasury services, mortgage administration and the management of own source revenues and federal funding. The Financial Planning Section leads the development of the infrastructure, revenues and operating budgets for Housing NWT, including the annual business plan and main estimates, and ongoing variance analysis and reporting.

Infrastructure Services Division

The Infrastructure Services Division is responsible for planning, designing and coordinating the delivery of Housing NWT's capital infrastructure projects, advising on and supporting homeownership project delivery, securing suitable land for the delivery of housing programs and services and the overall maintenance management of Housing NWT's housing portfolio.

Occupational Health and Safety Section

The Occupational Health and Safety Section is responsible for the corporate-wide delivery and ongoing modernization of Housing NWT's Occupational Health and Safety Program working closely with headquarters, all District Offices and Local Housing Organizations.

Programs and District Operations

The Programs and District Operations Branch provides corporate support and oversight to Housing NWT'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 Housing NWT's response to housing needs in the NWT and 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 deliver Housing NWT's programs and services effectively and efficiently.

In March 2023, Housing NWT staff and representatives from 5 communities met in Dettah for a workshop on the designs of a new singles duplex that will be built in their communities this year.
The goal of this process is to produce good quality, sustainable housing that is suitable for the people of the NWT and their lifestyles.
Housing NWT would like to thank all attendees for their valuable input!

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 working 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 Housing NWT's Home Purchase Program, Homeownership Initiative, Major Repairs, Mobility Enhancements, and Preventative Maintenance programs.

North Slave District Office:

This District Office supports the communities of Behchokǫ̀, Dettah, Ndilǫ, Gamètì, Łutselk'e, Wekweètì, Whatì and Yellowknife.

South Slave District Office:

This District Office supports the communities of Enterprise, Hay River, Kátł'odeeche First Nation, 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, Sambaa K'e and Wrigley.

Sahtú District Office:

This District Office supports the communities of Colville Lake, Délı̨ne, 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)

Housing NWT, in partnership with 24 LHOs and community organizations, administers approximately 2,500 public housing units across the NWT. The LHOs, under agreement with Housing NWT, 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.

Each LHO has an advisory board that oversees their operations. Housing NWT's district offices are responsible for these operations in communities where an LHO has not been established.

Housing NWT brought together Local Housing Organization (LHO) Managers from across the territory in October 2022. Everyone took part in a meeting at the Chateau Nova in Yellowknife, bringing together ideas, perspectives and unique voices.

LHOs, operating as agents of Housing NWT, 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 Housing NWT 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 (HELP) units, and our unsubsidized Market Housing units that are used to house critical staff in NWT communities.

The following is a list of all LHOs and Indigenous Governments that support the delivery of Housing NWT's programs and services via a Housing Division:

Community	**Local Housing Organization**
Aklavik	Aklavik Housing Association
Behchokǫ̀	Behchokǫ̀ Ko Gha K'àodèe
Colville Lake	Housing NWT Sahtu District Office
Délı̨nę	Délı̨nę Housing Association
Dettah/N'Dilo	Yellowknives Dene Band Housing Division
Enterprise	Housing NWT South Slave District Office
Fort Good Hope	Radilih Koe Housing Association
Fort Liard	Liard Housing Authority
Fort McPherson	Fort McPherson Housing Association
Fort Providence	Fort Providence Housing Association
Fort Resolution	Fort Resolution Housing Authority
Fort Simpson	Fort Simpson Housing Authority
Fort Smith	Fort Smith Housing Authority
Gamèti	Gamètì Housing Authority
Hay River	Hay River Housing Authority
Inuvik	Inuvik Housing Authority
Jean Marie River	Fort Simpson Housing Authority
Kakisa	Housing NWT South Slave District Office
Kátł'odeeche First Nation	Kátł'odeeche First Nation
Łutselk'e	Lutsel K'e Housing Authority
Nahanni Butte	Fort Simpson Housing Authority
Norman Wells	Norman Wells Housing Authority
Paulatuk	Paulatuk Housing Association
Sachs Harbour	Sachs Harbour Housing Association
Sambaa K'e	Fort Simpson Housing Authority
Tsiigehtchic	Tsiigehtchic Housing Association
Tuktoyaktuk	Tuktoyaktuk Housing Association
Tulita	Tulita Housing Association
Ulukhaktok	Ulukhaktok Housing Association
Wekweètì	Housing NWT North Slave District Office
Whatì	Whati Housing Authority
Wrigley	Fort Simpson Housing Authority
Yellowknife	Yellowknife Housing Authority

Housing NWT Programs

Rental Programs

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. Housing NWT provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of Housing NWT. Housing NWT utilizes management and service agreements with LHOs or community service organizations to manage its affordable housing portfolio. Currently, Housing NWT operates approximately 2,500 public housing units, which are managed by LHOs and community organizations, located in 31 communities throughout the NWT.

Canada-NWT Housing Benefit

The Canada-NWT Housing Benefit (CNHB) is a funding program administered by Housing NWT that began on April 1, 2021. CNHB provides a benefit to assist with rental costs. This benefit is available to eligible applicants who are paying more than 30% of their gross income towards rent. This benefit is not available to homeowners at this time.

The CNHB pays a portion of the difference between 30% of the household's income and the average market rent in the area, up to a maximum of $800 per month for no longer than two years.

Market Housing Program

A lack of market housing options in NWT communities has been a key challenge in delivering programs and services for the Government of the Northwest Territories (GNWT). To support non-market communities, Housing NWT operates several units under the Market Housing Program. Under the program, Housing NWT provides rental housing units at rental rates set by Housing NWT, which is intended to increase the availability of housing in smaller communities for community workers.

Housing NWT works closely with stakeholders to collaborate on the planning and design of new buildings to ensure community needs are met.
In December 2022, Housing NWT design staff worked with community stakeholders in a collaborative process on the designs of 5 new Seniors duplexes that will be built in Fort McPherson, Fort Simpson, Fort Resolution, Tulita and Behchokǫ̀. The duplexes are planned to be completed in 2024.
Housing NWT would like to thank all attendees for their efforts!

Homeownership Programs

Housing NWT provides an opportunity for NWT residents to access government support through programming for the purchase of a modest private home, to repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their homes or to 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 meets the needs of seniors and those with accessibility challenges. These programs use education and counselling to help residents become successful homeowners. Recently, 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 Housing NWT are necessary in order to explore program requirements, to help individuals identify their housing needs and determine which program will best fit an individual's or a household's needs.

STEP – Educational Programs

STEP provides education and counselling 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 Housing NWT applicants and clients but also to NWT residents at large. Although priority is given to applicants or clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

Homeownership Initiative

Supports Housing NWT's objective of increasing private homeownership in rural and remote communities where there are families with enough income to own and operate their own home through:

- The existing homeownership rental portfolio will be converted to homeownership units for eligible tenants who wish to become homeowners.
- The NWTHC will provide eligible public housing tenants in detached units the opportunity to purchase their units to become homeowners if they have sufficient income to pay for the operating and maintenance costs.

Home Purchase Program

Provides an opportunity for clients to become homeowners by aiding the purchase of a modest home. A forgivable loan is available to subsidize the costs of purchasing an existing home.

- A maximum of up to 5% is available for homeowners in market communities.
- Market communities include Fort Simpson, Fort Smith, Hay River, Inuvik, Norman Wells and Yellowknife.

Home Repair Program

This provides financial assistance to eligible homeowners to make necessary health and safety-related repairs to their existing homes.

Mobility Modifications Program

Provides financial assistance to eligible households with a household member with a housing-related disability, to support modifications that will promote continued independent living.

Preventative Maintenance Program

Provides financial assistance to eligible households to complete preventative maintenance checks and make minor servicing or repairs to ensure a safe and healthy residence. A forgivable loan is available to subsidize the costs or preventative maintenance checks and minor repairs.

Emergency Repair Program

Provides financial assistance to eligible households to address emergency repairs that are urgently required to support the continued safe occupancy of the home. A forgivable loan is available to address emergency health and safety repairs.

Seniors Aging in Place

Provides financial assistance to eligible households to support repairs/upgrades that make their homes less expensive to operate so that they can live independently for as long as possible in their communities.

Fuel Tank Replacement Initiative

Provides financial assistance to eligible households to upgrade their ageing above-ground fuel tanks. The home must be the applicant's permanent, principal and sole residence.

In December 2022, District and Local Housing Organization staff from across the NWT came together in Yellowknife for a maintenance and technical workshop.
All 5 District Offices and 25 LHO Offices had staff attend. Staff were able to connect, learn together, and share best practices.

Homelessness Programs

Rapid Rehousing Pilot Program

The Rapid Rehousing Program pilot builds on the experience of Non-Governmental Organizations (NGOs) using their effectiveness in case management and expertise in program referral. The Housing NWT partners with NGOs through a flexible contribution that allows the NGOs to help, in whatever manner they determine is appropriate, provide housing stability to the individuals they serve in their organizations.

Under the Rapid Rehousing approach, the focus is to assist people (both individuals and families) who are experiencing homelessness to quickly access and maintain market housing through the provision of rental assistance and programming.

Emergency Overnight Shelters

Housing NWT provides NWT emergency overnight shelters funding to assist shelter providers with the cost of rent and food to temporarily house people in need. There are eight emergency overnight shelters supported by the Housing NWT: three in Yellowknife, two in Inuvik, one in Fort Simpson, one in Hay River, and one with the Salt River First Nation.

SCHF (Small Community Homelessness Fund)

Communities are often best placed to identify solutions to address homelessness or assist homeless people. Sometimes these supports can come in the form of food security initiatives such as soup kitchens, food vouchers or food hampers. Sometimes communities want support to conduct their own planning to address homelessness. The Small Community Homelessness Fund, in its flexible funding design, allows communities to implement their own homelessness initiatives.

HAF (Homelessness Assistance Fund)

The Homelessness Assistance Fund works cooperatively with GNWT case managers and referral agents to support homeless residents to access housing, to prevent tenants from being evicted or to provide assistance for residents to return to more stable housing situations in their home.

Housing First

Housing NWT provides an ongoing contribution to support the sustainability of the Housing First program in Yellowknife. The Housing First philosophy involves taking a two-fold approach to addressing homelessness: opportunities for independent rental housing and the provision of wrap-around supports to address underlying homelessness factors.

Northern Pathways to Housing

To address homelessness in small communities outside of Yellowknife, Housing NWT has developed the Northern Pathways to Housing, a Supportive Housing Program for single adults experiencing housing stability. The goal of the program is to stabilize individuals with housing and work with communities to develop wrap-around systems of support to encourage the integration of individuals into the community. To date, the Housing NWT is supporting four northern pathway projects in Aklavik, Fort Simpson, Behchokǫ̀ and Fort Good Hope.

Partnerships

Community Housing Support Initiative

Housing NWT continues to offer the Community Housing Support Initiative (CHSI) to provide funding to municipalities or other community corporate bodies for community-based housing projects that contribute to the delivery of affordable, adequate, suitable and culturally appropriate housing for families, seniors and single-member households or delivers programs that promote community prosperity and the health and well-being of community residents.

Homeownership Program Statistics

The following charts report the program approvals as a breakdown by regional basis and territorial-wide, then follows with number of approved applications for homeownership programs offered through Housing NWT.

Beaufort-Delta District

Program	Number of Programs
Home Repair Program	-
Preventative Maintenance Program	11
Mobility Modifications Program	5
Fuel Tank Replacement	20
Homeownership Initiative	13
Home Purchase Program	-
Emergency Repair Program	59
Seniors Aging in Place	70
Total	178

Nahendeh District

Program	Number of Programs
Home Repair Program	12
Preventative Maintenance Program	12
Mobility Modifications Program	-
Fuel Tank Replacement	10
Homeownership Initiative	1
Home Purchase Program	-
Emergency Repair Program	49
Seniors Aging in Place	10
Total	94

North Slave District

Program	Number of Programs
Home Repair Program	17
Preventative Maintenance Program	141
Mobility Modifications Program	2
Fuel Tank Replacement	15
Homeownership Initiative	10

Home Purchase Program	3
Emergency Repair Program	119
Seniors Aging in Place	79
Total	386

Sahtú District

Program	Number of Programs
Home Repair Program	6
Preventative Maintenance Program	72
Mobility Modifications Program	-
Fuel Tank Replacement	11
Homeownership Initiative	3
Home Purchase Program	3
Emergency Repair Program	43
Seniors Aging in Place	8
Total	146

South Slave District

Program	Number of Programs
Home Repair Program	3
Preventative Maintenance Program	115
Mobility Modifications Program	5
Fuel Tank Replacement	14
Homeownership Initiative	1
Home Purchase Program	1
Emergency Repair Program	51
Seniors Aging in Place	29
Total	219

Total NWT

Program	Number of Programs
Home Repair Program	38
Preventative Maintenance Program	351
Mobility Modifications Program	12
Fuel Tank Replacement	70
Homeownership Initiative	28
Home Purchase Program	7
Emergency Repair Program	321
Seniors Aging in Place	196
Total	1,023

Forgiveness

Type of obligation	Community	Amount, $
Mortgage	Behchokǫ̀	946,029
Mortgage	Délı̨nę	600,577
Mortgage	Dettah/N’Dilo	1,068,942
Mortgage	Enterprise	157,833
Mortgage	Fort Good Hope	6,991
Mortgage	Fort Liard	709,034
Mortgage	Fort McPherson	310,022
Mortgage	Fort Resolution	509,631
Mortgage	Fort Smith	120,897
Mortgage	Ft. McPherson	26,627
Mortgage	Hay River	94,231
Mortgage	Kátł’odeeche First Nation	351,135
Mortgage	Łutselk'e	821,570
Mortgage	Nahanni Butte	221,307
Mortgage	Sambaa K'e	198,899
Mortgage	Wekweètì	165,441
Mortgage	Whatì	151,886
Mortgage	Yellowknife	78,989
Rental Arrears	Aklavik	20,643
Rental Arrears	Behchokǫ̀	646,205
Rental Arrears	Colville Lake	39,996
Rental Arrears	Délı̨nę	29,455
Rental Arrears	Dettah/N’Dilo	32,168
Rental Arrears	Fort Liard	2,747
Rental Arrears	Fort Providence	16,168
Rental Arrears	Fort Resolution	286,130
Rental Arrears	Fort Simpson	31,246
Rental Arrears	Fort Smith	75,190
Rental Arrears	Gamètì	44,251
Rental Arrears	Hay River	12,934
Rental Arrears	Inuvik	116,871
Rental Arrears	Łutselk'e	16,907
Rental Arrears	Norman Wells	5,757
Rental Arrears	Paulatuk	129,713

Rental Arrears	Sachs Harbour	22,092
Rental Arrears	Tsiigehtchic	61,988
Rental Arrears	Tuktoyaktuk	71,777
Rental Arrears	Tulita	86,691
Rental Arrears	Ulukhaktok	86,181
Rental Arrears	Whatì	145,720
Rental Arrears	Wrigley/Yellowknife	1,851
Rental Arrears	Yellowknife	149,848
Total		**$8,672,570**

APPENDIX A:
Management Discussion and Analysis Fiscal Year 2022-2023

Management Discussion and Analysis – Fiscal Year 2022/23

Managing Risk / Pressures

There are both external and internal pressures and risks that influence how Housing NWT delivers its housing programs and services. In response to these challenges, Housing NWT has employed various mitigation strategies to help manage these risks, to the extent possible.

Climate Change

Weather events brought on by climate change, including but not limited to low water levels, wildfires and permafrost degradation, are increasingly disrupting Housing NWT's regular operations and capital delivery. Housing NWT continues to consider these factors in planning its programs and services delivery as well as managing cash flow and budgets. Looking toward to the future, Housing NWT has developed a 2030 Energy Management Strategy that has set out specific goals and actions that Housing NWT will be taking to help mitigate these risks into the future.

CMHC Funding

Base operational and maintenance (O&M) funding for public housing operations from Canada Mortgage and Housing Corporation (CMHC) reduces annually and will reach zero by 2038-39. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government.

A multi-year bilateral agreement with CMHC, in support of the National Housing Strategy, provided an additional nine years (2019/20 – 2027/28) of federal funding certainty that will assist Housing NWT in responding to the territory's housing priorities, including helping to mitigate the continued annual decline in CMHC O&M funding for public housing operations.

Another mitigation strategy to help offset CMHC's declining O&M funding is the Royal Canadian Mounted Police (RCMP) market housing initiative. This initiative involves the delivery of 45 additional market housing units for RCMP Members stationed throughout the NWT. This initiative not only increased the availability of market housing units for the territory but also generated additional own source revenues for Housing NWT to help mitigate declines in CMHC O&M funding.

During 2022-2023, Housing NWT signed a funding agreement with CIRNAC providing an additional $30 million in federal funding for further investment in new public housing infrastructure and operational requirements. The delivery of these new energy efficient public housing units will assist Housing NWT in managing public housing unit operating costs.

Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2019 NWT Community Survey,* is 23.6%. To assist in addressing this situation, Housing NWT continues to support capital investments to replace and to retrofit older and less energy-efficient housing units. In addition to existing housing stock investment, Housing NWT continues to deliver a wide range of housing programs for private homeowners. For example, the Canada-NWT Housing Benefit Program is utilized to address market rental challenges for NWT residents and the Securing Assistance for Emergencies (SAFE) repair program is delivering financial assistance for low to moderate-income households to address their emergency home repairs.

Utility Costs

Housing NWT continues to invest in improving the overall quality and energy-efficiency of its owned housing assets. New construction for the replacement of aging, single detached Public Housing is now primarily multi-unit buildings, resulting in reduced utility costs. For the past number of years, Housing NWT ensured the energy efficiency standards for new construction met, or exceeded, EnerGuide for Housing (EGH) 80 design standards. Housing NWT also continues to invest in energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy.

Land Development

Land availability 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 building lots. Housing NWT continues to work with community governments to identify and develop suitable land for residential construction and ensures compliance with zoning bylaws and local development approval processes.

Credit Risk

Housing NWT is exposed to credit risk from tenants and mortgage clients. Housing NWT and several Local Housing Organizations (LHOs) have had challenges with some collection accounts resulting in accumulated arrears over several years. To assist in the collection process, Housing NWT has collections staff that focus on working with the LHOs and other parties involved in collection matters. Housing NWT's Territorial Housing System (THS) also supports Housing NWT in closely monitoring the status of tenant collections.

Since 2012, Housing NWT has worked with clients to restructure their mortgages with a view to improving overall collections rates. Working with program participants, Housing NWT was able to restructure a number of existing mortgages to date to assist homeowners in satisfying their mortgage payment obligations.

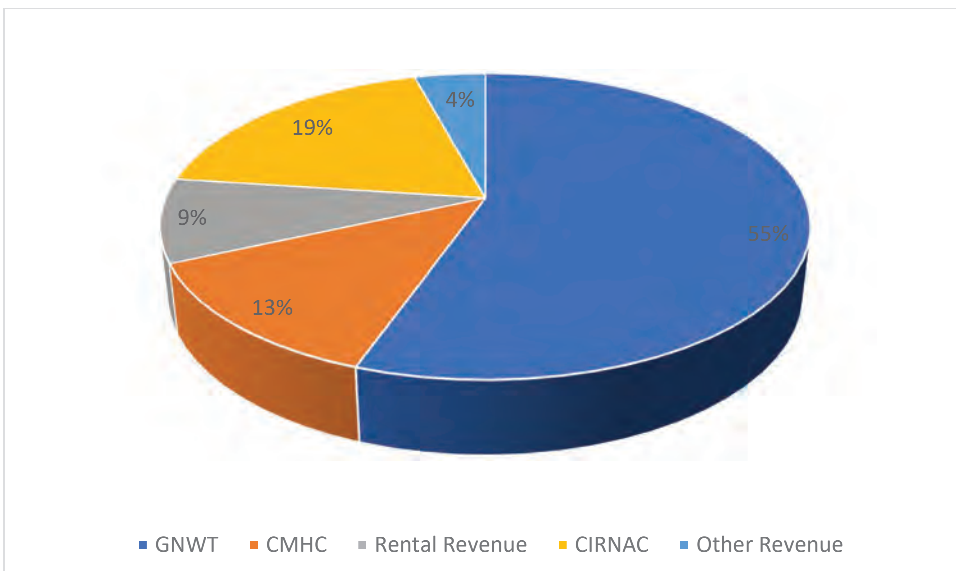
Financial Results

Revenues

The total revenues for Housing NWT in 2022/23 were $160.3 million, an increase of $19.2 million from the previous year's total of $141.1 million.

Government funding from the GNWT, CMHC, CIRNAC and other transfers increased by approximately $16.9 million, from $123.5 million to $140.4 million. This was due to increased funding for Homeownership Grants and Contribution core programs of $4 million, Emergency Shelter and Homelessness funding of $2.2 million, a $3.25 million reimbursement for Hay River flood costs, $5 million increase as per agreement with CIRNAC, $0.9 million increase per collective agreement, $0.4 million funding for biomass feasibility study, $0.3m funding for public housing renovations, and $0.3 million increase due to IRC revenue.

Revenue generated from operations amounted to $19.9 million in 2022/23, an increase of $2.3 million over the $17.6 million in revenue generated in 2021/22. This increase was primarily related to increases in portfolio investment income due to higher interest rates in 2022/23.



Expenses

Housing NWT's total expenses for 2022/23 were $125 million, $8.5 million increase over the 2021/22 year's expenses of $119.2 million.

The cost of operating the Public Housing program this past year increased by $1.3 million or approximately 1.89% primarily due to $2 million increases in utility rates, $3 million increase in minor M&I related to Hay River flood, $1.5 million decrease on environmental contracts, and around $2 million decrease mainly related to lower amortization in current year as a result of asset retirement obligations / asset retirement cost valuation adjustments. The Public Housing program costs continue to be the largest component of Housing NWT's expenses, representing 57% of the annual expenses, including amortization.

Expenses for the HELP and market housing programs including amortization were $11.2 million in 2022/23, a $1.2 million or 12% increase over the $10 million expended in 2021/22. This increase was primarily attributable to a $0.3 million increase of amortization as a result of more assets being brought into service, $0.4 million attributable to increases in M&I expenses, and $0.2 million attributable to increase in utility costs due to higher costs of fuel.

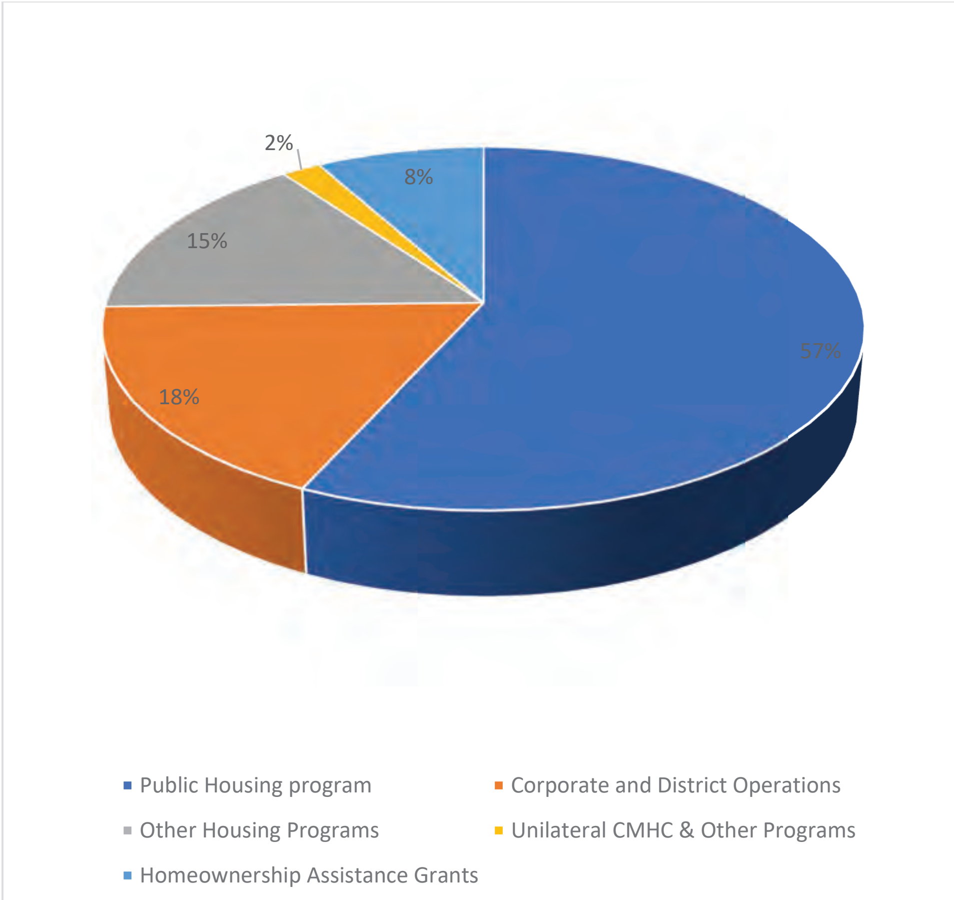
Homeownership assistance grants were $10.2 million in 2022/23, an increase of $1.8 million or 21.1% over the previous year's amount of $8.4 million. This program funding supports private households in purchasing and repairing their homes. The increase in 2022/23 was largely attributable to increased program intake in 2022/23 revisions.

Homelessness assistance grants were $6 million, an increase of $1.3 million or 27.5% over previous year's amount of $4.7 million. This program funding supports homelessness grants and contributions. Over $0.9m increase is attributable to 2022/23 being the first full year of Housing NWT operating the Inuvik shelter with own forces and another $0.3 million increase in emergency shelter grants and contributions.

Rent subsidy program grants were $1.1 million, a decrease of $0.6 million or 36.4% under previous year's amount of $1.7 million. This funding provides rent assistance grants to renters in the private market. This decrease is due to the program being under subscribed in 2022/23.

Housing NWT expensed $22.2 million on Housing Operations and Support in 2022/23, an increase of $0.9 million or 4.5% from the $21.3 million expended in 2021/22. Costs include program development and delivery and technical and administrative support for both the district offices and headquarters. Increase of $0.3 million due to increased travel following the ease of COVID-19 restrictions, approximately $0.3 million increase in contract services spending for the Energy Management Strategy and an approximate $0.2 million increase due to increased insurance costs as a result of increased rates.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and Housing NWT's own source revenues. During the year, revenues, including Housing NWT generated revenues, exceeded expenses resulting in an annual surplus of $33 million. Annual surpluses help resource Housing NWT's capital investments and housing programming.



Financial Position

Housing NWT continued to maintain a sound financial position in 2022/23, with net financial assets of $56 million, a $1 million increase from the $55 million in 2021/22. This increase is mainly due to $5.2 million decrease in cash and portfolio investments, $10.7 million increase in account receivable, $8.3 million increase in account payable, and $3.3 million decrease in asset retirement obligation (ARO). ARO a non-cash adjustment to reflect future obligation to retire hazardous materials. This year's adjustment was a result of using a higher discount rate in 2022/23 than the prior year.

Housing NWT recognizes the importance of having sufficient net financial assets to address contractual obligations and to complete the implementation of priority housing projects and initiatives.

The cash and cash equivalents balance of $61.7 million ($91.5 million on March 31, 2022) represents the March 31, 2023, bank balance for 23 LHOs and Housing NWT. Housing NWT invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2023, $62 million ($37.5 million at March 31, 2021) was invested in portfolio investments with a weighted average rate of return of 2.87%. These investments continue to be liquidated to support Housing NWT's capital delivery and other program needs.

Since 2012, Housing NWT has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance decreased from $4 million as at March 31, 2022, to $3.8 million as at March 31, 2023, due to approved forgiveness adjustments in 2022/23.

Investment in Housing

As at March 31, 2023, Housing NWT had $375 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rentals, and market rental units. During the year, Housing NWT acquired $52.2 million in tangible capital assets.

APPENDIX B:
Independent Auditor’s Report and Consolidated Financial Statements

Housing Northwest Territories

Consolidated Financial Statements

March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for preparing these accompanying consolidated financial statements in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and Housing NWT 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 Housing NWT's statutory requirements and policies.

Housing NWT's external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian generally accepted auditing standards, and expresses her opinion on the consolidated financial statements. Housing NWT's external auditor has full and free access to financial management of Housing NWT.

On behalf of Housing NWT

Eleanor Young
President and CEO

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

Yellowknife, Northwest Territories
October 10, 2023

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Housing Northwest Territories

Opinion

We have audited the consolidated financial statements of Housing Northwest Territories and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lana Dar

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
10 October 2023

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Financial Position
As at March 31, 2023
(in thousands)

	2023	2022 (Restated - Note 3)
Financial assets		
Cash and cash equivalents	$ 61,748	$ 91,465
Portfolio investments (Note 4)	61,964	37,467
Accounts receivable (Note 5)	16,828	6,126
Mortgages and loans receivable (Note 6)	3,783	3,969
	144,323	139,027
Liabilities		
Accounts payable and accrued liabilities (Note 7)	32,273	24,000
Deferred revenue	326	359
Loans and mortgages payable to CMHC (Note 8)	3,984	4,645
Environmental liabilities (Note 10)	967	913
Retirement, post-employment, and other leave benefits	2,197	2,236
Asset retirement obligations (Note 9)	48,552	51,817
	88,299	83,970
Net financial assets	56,024	55,057
Non-financial assets		
Tangible capital assets (Schedule A)	375,375	341,555
Inventories held for use	2,731	2,529
Prepaid expenses	485	116
	378,591	344,200
Accumulated surplus	$ 434,615	$ 399,257

Contractual rights, contractual obligations and contingencies (Notes 13, 14 and 15)

Approved by:

Hon. Paulie Chinna
Minister Responsible for Housing Northwest Territories

Eleanor Young
President and CEO

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2023
(in thousands)

	2023 Budget	2023 Actual	2022 (Restated - Note 3) Actual
Revenues			
Government funding:			
Government of the Northwest Territories	$ 78,358	$ 88,869	$ 77,286
CMHC (Note 11)	21,178	20,566	20,725
CIRNAC (Note 12)	-	30,000	25,000
Other grants and transfers	-	968	532
	99,536	140,403	123,543
Generated revenues:			
Rental revenue	10,620	14,159	13,338
Recoveries from mortgages and loans	475	807	692
Income from portfolio investments	440	3,160	735
Other revenue and recoveries	419	1,721	2,759
Interest revenue on mortgages and loans	90	82	82
	12,044	19,929	17,606
	111,580	160,332	141,149
Expenses (Note 16)			
Public housing program	73,417	71,068	69,748
Unilateral CMHC programs and other programs	2,533	2,386	2,419
HELP and market housing	6,232	11,186	10,064
Non-residential building operations	180	897	926
Rent subsidy program	2,588	1,054	1,658
Homelessness fund program	4,252	5,961	4,677
Homeownership assistance grants	12,407	10,188	8,410
Housing operations and support	19,536	22,234	21,285
	121,145	124,974	119,187
Annual (deficit) surplus	$ (9,565)	$ 35,358	$ 21,962
Accumulated surplus, beginning of year	399,257	399,257	377,295
Accumulated surplus, end of year	$ 389,692	$ 434,615	$ 399,257

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2023
(in thousands)

	2023 Budget	2023 Actual	2022 (Restated - Note 3) Actual
Net financial assets, beginning of the year	$ 55,057	$ 55,057	$ 45,196
Items affecting net financial assets:			
Annual (deficit) surplus	(9,565)	35,358	21,962
Acquisition of tangible capital assets	(10,625)	(51,895)	(30,297)
Amortization of tangible capital assets	15,900	12,896	15,683
Proceeds from disposal of tangible capital assets	-	357	441
Loss on disposal of tangible capital assets and write-down	-	150	448
Asset retirement cost adjustment (Note 9)	-	4,952	653
Other transfers (Note 18)	-	(280)	-
Grants in kind	-	-	912
Acquisition of inventories held for use	-	(2,080)	(1,614)
Consumption of inventories held for use	-	1,878	1,720
Acquisition of prepaid expenses	-	(439)	(106)
Consumption of prepaid expenses	-	70	59
Increase (decrease) in net financial assets	(4,290)	967	9,861
Net financial assets, end of the year	$ 50,767	$ 56,024	$ 55,057

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Cash Flow
For the year ended March 31, 2023
(in thousands)

	2023	2022 (Restated - Note 3)
Operating transactions		
Annual surplus	$ 35,358	$ 21,962
Items not affecting cash:		
Amortization of tangible capital assets	12,896	15,683
Accretion of asset retirement obligations	1,687	1,642
Other grants and transfers	(280)	-
Loss on disposal of tangible capital assets and write-down	150	448
Grant in kind	-	912
Non-cash portfolio investment income	-	39
Non-cash mortgage funding	113	(88)
Change in valuation allowance for doubtful accounts	34	104
Change in valuation allowance for mortgages and loans receivable	-	(1,432)
	14,600	17,308
Change in non-cash assets and liabilities:		
Change in accounts receivable	(10,702)	35,649
Change in inventories held for use	(202)	106
Change in prepaid expenses	(369)	(47)
Change in accounts payable and accrued liabilities	1,691	229
Change in deferred revenue	(33)	98
Change in environmental liabilities	54	(193)
Change in retirement, post-employment, and other leave benefits	(39)	(147)
	(9,600)	35,695
Cash provided by operating transactions	40,358	74,965
Capital transactions		
Acquisition of tangible capital assets	(45,479)	(32,504)
Proceeds from disposal of tangible capital assets	357	441
Cash used for capital transactions	(45,122)	(32,063)
Financing transactions		
Repayment of loans payable to CMHC	(661)	(625)
Cash used for financing transactions	(661)	(625)

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

Consolidated Statement of Cash Flow (continued)
For the year ended March 31, 2023
(in thousands)

	2023	2022 (Restated - Note 3)
Investing transactions		
Proceeds from sale of portfolio investments	6,522	5,000
Acquisition of portfolio investments	(31,000)	(5,058)
Repayments of mortgages and loans receivable	186	250
Cash (used for) provided by investing transactions	(24,292)	192
(Decrease) increase in cash and cash equivalents	(29,717)	42,469
Cash and cash equivalents at beginning of the year	91,465	48,996
Cash and cash equivalents at end of the year	$ 61,748	$ 91,465

Total interest paid during the year was $276 (2022 - $312).
Total interest received during the year was $3,242 (2022 - $817).
Interest received includes interest revenue on mortgages and loans receivable and interest revenue included in income from portfolio investments.

Cash and cash equivalents are comprised of $60,170 (2022 - $65,840) of cash and $1,578 (2022 - $25,625) of cash equivalents.

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

1. PURPOSE OF THE ORGANIZATION

(a) Authority and reporting entity

The passing of Bill 56 on April 1, 2023 to the *Northwest Territories Housing Corporation Act* resulted in renaming of that Act as well as the entity, to Housing Northwest Territories ("Housing NWT"). Housing NWT is a territorial corporation, established under the *Housing Northwest Territories Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, Housing NWT operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for Housing NWT. Housing NWT is exempt from income tax but is subject to Goods and Services Tax.

Housing NWT'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. Housing NWT 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.

(b) Economic dependence

Housing NWT'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 Housing NWT and the LHOs which outline the roles and responsibilities of each party.

Housing NWT 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.

(c) Budget

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

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:

(a) Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires Housing NWT 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 provision of asset retirement obligations, the valuation of tangible capital assets transfers, the allowance for impaired mortgages and loans receivable, the allowance for tenant rent receivables, the useful lives of tangible capital assets, and contingencies.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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 Housing NWT and the accounts of the following twenty-three LHOs, via consolidation, which are controlled by Housing NWT:

Aklavik Housing Association
Behchokö Kö Gha K'àodèe
Deline Housing Association
Fort Liard Housing Authority
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 Associaton
Tuktoyaktuk Housing Association
Tulita Housing Association
Ulukhaktok Housing Association
Whati Housing Authority
Yellowknife Housing Authority

The Yellowknife Dene First Nation (Housing Division) has been excluded from the reporting entity since it is considered to be part of a separate level of government.

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

(c) Revenue recognition

Housing NWT receives funding for operating and capital purposes from the Government.

Housing NWT also receives funding from the Government of Canada for the operation and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repair and rehabilitation of properties.

Government transfer revenues are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

i. the transfer is authorized;
ii. eligibility criteria have been met;
iii. there are no stipulations that give rise to a liability; and,
iv. a reasonable estimate of the amount can be made.

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

Housing NWT also sometimes receives transfers of housing units from government entities and third parties for a nominal fee, which are recognized as "Other grants and transfers" on the Consolidated Statement of Operations and Accumulated Surplus. Housing NWT records these transfers consistent with its policy for government transfer revenues above at estimated fair value. Where Housing NWT owns or leases the land that housing units are being constructed on, Housing NWT records the assets and the related transfer revenues as the housing units are being built on a percentage of completion basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

(d) Programs

i) Contributions for public and affordable housing (HELP and market housing programs)

Housing NWT provides income-based subsidies for the rental of housing for residents in need. Housing NWT provides financial, administrative, maintenance, construction and repair to its public and affordable housing units. Housing NWT operates public housing units located in NWT communities.

ii) Contributions for unilateral Canada Mortgage and Housing Corporation (CMHC) programs and other programs

Housing NWT 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.

iii) Homeownership assistance grants

Housing NWT, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by Housing NWT. The property must remain the principal residence and the annual income must remain below the core need income threshold for the term of the agreement. The conditional grants, which vary in amount depending on the income and/or community of the applicant and are not expected to be repaid unless certain conditions are not met, and 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 recipient.

Housing NWT has not since 2007 provided any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

(e) 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 or equal to 90 days from the date of acquisition. Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust.

(f) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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 effective interest method is used to recognize interest income. Any costs related to a mortgage or loan restructuring are expensed in the year of the restructuring.

Valuation allowances for impaired loans are established by management based on past events, current conditions and all circumstances known at the date of the preparation of the consolidated financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Mortgages are classified as impaired when Housing NWT no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to its net recoverable value. Valuation allowance writedowns are recognized when the loans have been deemed uncollectable. Valuation allowance recoveries are recorded when loans previously written down are subsequently collected or when loans revert to a performing status. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

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 Housing NWT to transfer ownership of the housing unit back to Housing NWT 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.

(h) 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.

(i) Asset retirement obligations

A liability for an asset retirement obligation (ARO) is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for Housing NWT to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an ARO incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an ARO are expected to occur over extended future periods. The discount rate used reflects Housing NWT's cost of borrowing associated with the estimated number of years to complete the retirement or remediation.

When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized consistent with the tangible capital asset policy discussed below. An ARO may arise in connection with a tangible capital asset that is not recognized or

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. Housing NWT recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. Housing NWT continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when made.

(j) Tangible capital assets

i) Land and buildings

Land and housing units constructed or purchased by Housing NWT are recorded at cost. Housing materials are also recorded at cost and included in work in progress.

Tangible capital assets transfers are recorded at their estimated fair value at the date of contribution.

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

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. Work in progress is not amortized.

ii) 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	

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee future benefits

i) Pension Benefits

(a) Public Service Pension Plan

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

(b) Northern Employee Benefits Service (NEBS) Pension Plan

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

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

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year.

ii) 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. Benefits entitlements are paid upon resignation, retirement or death of an employee.

The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences including 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 (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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. Housing NWT 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.

(n) Related party transactions

Housing NWT is related to all Government of the Northwest Territories departments, territorial corporations and public agencies, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Housing NWT. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

i) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

ii) Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

iii) Services provided without charge

Housing NWT receives services provided by the Government without charge which include legal, human resource and other services. Housing NWT does not recognize any amounts related to these services.

(o) Future accounting changes

Effective April 1, 2023, Housing NWT is required to adopt PS 3400 Revenue. This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions. It is not expected to have a significant impact on the consolidated financial statements.

(in thousands)

3. Adoption of new accounting standard

Effective April 1, 2022, Housing NWT adopted the new Canadian Public Sector Accounting Standard PS 3280 Asset Retirement Obligations (ARO). This standard requires public sector entities to recognize liabilities for legal obligations to incur costs associated with the retirement of tangible capital assets on their acquisition, construction, development, or through their normal use and to expense those costs systematically over the life of the asset. Housing NWT recognized ARO relating to owned buildings that contain either asbestos or lead. Housing NWT applied the modified retrospective application approach with restatement of prior year comparative information. On initial application of the standard, the following were recognized:

i. an ARO, adjusted for accumulated accretion to the effective date;
ii. an asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets;
iii. accumulated amortization on the capitalized cost; and
iv. an adjustment to the opening balance of net financial assets.

Amounts are measured using information, assumptions and discount rates that were current at the beginning of the current fiscal year.

The amount recognized as an asset retirement cost is measured as of the date the ARO was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized as if the provisions of this standard had been in effect to the date of transition.

The impact on the prior year's consolidated financial statements as a result of adopting this accounting standard is as follows:

	2022		
Consolidated Statement of Financial Position	**As previously reported**	**Adjustments made**	**As restated**
Asset retirement obligations	-	51,817	51,817
Tangible capital assets	337,981	3,574	341,555
Accumulated surplus	447,500	(48,243)	399,257

	2022		
Consolidated Statement of Operations and Accumulated Surplus	**As previously reported**	**Adjustments made**	**As restated**
Public housing program	68,532	1,216	69,748
HELP and market housing	10,021	43	10,064
Non-residential building operations	925	1	926
Annual (deficit) surplus	23,222	(1,260)	21,962
Accumulated surplus, beginning of year	424,278	(46,983)	377,295
Accumulated surplus, end of year	447,500	(48,243)	399,257

Notes to Consolidated Financial Statements
For the year ended March 31, 2023
(in thousands)

Consolidated Statement of Change in Net Financial Assets	2022 As previously reported	2022 Adjustments made	2022 As restated
Annual (deficit) surplus	23,222	(1,260)	21,962
Amortization of tangible capital assets	15,495	188	15,683
Loss on disposal of tangible capital assets and writedown	1,018	(570)	448
Asset retirement cost adjustment	-	653	653
Net financial assets, beginning of year	96,024	(50,828)	45,196
Net financial assets, end of year	106,874	(51,817)	55,057

Consolidated Statement of Cash Flow	2022 As previously reported	2022 Adjustments made	2022 As restated
Annual (deficit) surplus	23,222	(1,260)	21,962
Amortization of tangible capital assets	15,495	188	15,683
Accretion of asset retirement obligations	-	1,642	1,642

Note 16 Expenses by object	2022 As previously reported	2022 Adjustments made	2022 As restated
Amortization	15,495	188	15,683
Accretion of asset retirement obligations	-	1,642	1,642
Loss on disposal of tangible capital assets and writedown	1,018	(570)	448

Schedule A	2022 As previously reported	2022 Adjustments made	2022 As restated
Public housing			
Opening balance, cost	412,192	16,731	428,923
Opening balance, accumulated amortization	194,758	13,322	208,080
Net book value	217,434	3,409	220,843
HELP and Market Housing			
Opening balance, cost	110,706	450	111,156
Opening balance, accumulated amortization	38,718	285	39,003
Net book value	71,988	165	72,153
Non-residential properties			
Opening balance, cost	6,234	6	6,240
Opening balance, accumulated amortization	3,312	6	3,318
Net book value	2,922	-	2,922

(in thousands)

4. PORTFOLIO INVESTMENTS

	2023	2022
Marketable securities (fair value $60,281; 2022 - $35,989)	$ 61,964	$ 37,467

5. ACCOUNTS RECEIVABLE

	2023	2022
Tenant rents receivable, before allowance of $9,874 (2022 - $11,580)	12,559	13,482
Trade accounts receivable, before allowance of $1,205 (2022 - $954)	$ 4,667	$ 3,503
	17,226	16,985
Less allowance for doubtful accounts	(11,079)	(12,534)
	6,147	4,451
Receivables from CMHC	8,777	1,095
Receivables from related parties:		
Government of the Northwest Territories	1,904	580
	$ 16,828	$ 6,126

Tenant rents receivable of $2,133 were forgiven (2022 - $191) during the year.

6. MORTGAGES AND LOANS RECEIVABLE

	2023	2022
Housing NWT's mortgages and loans to individuals are receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property, bearing fixed interest rates between 0.00% and 10.50% (2022 - 0.00% and 10.50%).	$ 10,615	$ 11,479
Less allowance for impaired mortgages and loans receivable	(6,832)	(7,510)
	$ 3,783	$ 3,969

There were 20 accounts forgiven in the current year totalling $989 (2022 - 28 write-offs totalling $1,447).

(in thousands)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade payables	$ 17,645	$ 11,138
Contractor holdbacks	3,254	1,364
Wages and employee benefits	2,555	2,450
Damage deposits	2,537	2,536
Tender and security deposits	981	596
Accrued interest	61	79
Payables to related parties:		
Government of the Northwest Territories	5,240	5,837
	$ 32,273	$ 24,000

8. LOANS AND MORTGAGES PAYABLE TO CMHC

	2023 Debt balance	2023 CMHC funded portion	2023 Net debt balance	2022 Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2024 to 2038, at interest rates from 7.63% to 19.00% (2022 - 7.63% to 19.00%).	$ 18,475	$ (18,475)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2022 - 6.97%). These loans are guaranteed by the Government.	7,743	(4,302)	3,441	3,959
Mortgages payable to CMHC for 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 0.68% to 1.01%, (2022 - 0.68% to 1.01%).	543	-	543	686
	$ 26,761	$ (22,777)	$ 3,984	$ 4,645

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to Housing NWT 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 NHA Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to Housing NWT 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 Housing NWT would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by Housing NWT each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between Housing NWT and CMHC.

(in thousands)

8. LOANS AND MORTGAGES PAYABLE TO CMHC (continued)

Had CMHC not funded the repayments of the debt principal and interests payable to CMHC, Housing NWT would have incurred additional interest expense of $2,785 (2022 - $2,913) and would have made additional principal debt repayments to CMHC of $1,402 (2022 - $1,353).

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

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

	Principal	Interest	Total
2024	$ 699	$ 248	$ 947
2025	711	207	918
2026	695	166	861
2027	638	126	764
2028	458	88	546
2029-2033	783	121	904
	$ 3,984	$ 956	$ 4,940

9. ASSET RETIREMENT OBLIGATIONS

AROs include estimated remediation costs to remove asbestos and lead from buildings. The amount recognized is the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $88,671 (2022 - $88,735)
- Expected timing of payments of the cash flow - asset removal and/or site remediation is expected to occur between 2025 and 2050 (2022 - 2025 and 2050) with the majority occuring after 2037 (2022 - 2037).
- The discount rate is the year-end cost of borrowing of 3.92% (2022 - 3.27%).
- The inflation rate is based on the Bank of Canada's targeted inflation rate of 2.00% (2022 - 2.00%).

This provision is highly sensitive to the discount rate and inflation rate used.

- A 1% increase in the discount rate would decrease the obligation by $6,238
- A 1% decrease in the discount rate would increase the obligation by $7,429
- A 1% increase in the inflation rate would increase the obligation by $7,501
- A 1% decrease in the inflation rate would decrease the obligation by $6,402

Following is a summary of the ARO:

	2023	2022 (Restated - Note 3)
Opening Balance	$ 51,817	$ 50,828
Accretion expense	1,687	1,642
Valuation adjustment	(4,952)	(653)
Balance, end of year	$ 48,552	$ 51,817

(in thousands)

The valuation adjustment is comprised of:

- $ 4,717 (2022 - nil) due to 0.65% increase (2022 - 0%) in the discount rate
- $ 235 (2022 - $653) due to the disposition of assets where no remediation was required and the liability is now extinguished.

10. ENVIRONMENTAL LIABILITIES

Housing NWT has identified sixteen fuel spill sites and no other contaminated sites (2022 - fourteen fuel spill sites and no other contaminated sites) for which an environmental liability has been recorded. There were no sites (2022 - two) closed during the fiscal year. Two new sites (2022 - five) were identified during the year. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The estimated amount of recoveries is nil (2022 - nil). Housing NWT has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. FUNDING FROM CMHC

	2023	2022
Funding from CMHC recognized as government funding under the:		
SHA:		
Contributions for public housing rental subsidies	$ 7,415	$ 8,147
Contributions to non-profit housing sponsor groups and cooperatives	3,406	3,600
Repairs, maintenance and other costs	1,047	1,068
Bilateral Agreement	8,698	7,910
	$ 20,566	$ 20,725

Under the terms of the SHA, Housing NWT assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to Housing NWT to manage these programs. The SHA and the funding expire in 2038 (Note 13).

On April 1, 2018, Housing NWT signed the Bilateral Agreement under the 2017 NHS. Funding under this agreement is provided to increase access to housing, reduce housing needs, and achieve better housing solutions. An action plan for the 3 year period 2023-2026 has been developed, within the Bilateral Agreement parameters, with a priority of focusing on maintaining or increasing social housing stock, replacing existing housing stock, and providing homeownership repair programs. The Bilateral Agreement funding expires in 2028 (Note 13).

12. FUNDING FROM CROWN-INDIGENOUS RELATIONS AND NORTHERN AFFAIRS CANADA (CIRNAC)

On August 24, 2022 (2022 - August 21, 2021), Housing NWT signed the CIRNAC Agreement with the Government of Canada to provide one-time funding in the amount of $30,000 (2022 - $25,000). Funding under these agreements are provided to assist with financing of expenditures related to infrastructure including housing needs.

(in thousands)

13. CONTRACTUAL RIGHTS

	Expiry Date	2024	2025	2026	2027	2028	2029+	Total
CMHC SHA	2038	$ 11,068	$ 9,659	$ 8,394	$ 7,346	$ 5,753	$ 20,764	$ 62,984
CMHC Bilateral	2028	10,591	11,485	12,847	14,305	15,697	-	64,925
RCMP Lease	2043	991	991	991	991	991	13,766	18,721
Other Lease	2027	517	298	249	54	-	-	1,118
		$ 23,167	$ 22,433	$ 22,481	$ 22,696	$ 22,441	$ 34,530	$147,748

14. CONTRACTUAL OBLIGATIONS

Housing NWT 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. Also included in the 2024 contractual obligations are capital construction commitments for housing construction projects with contracts signed prior to year-end.

	Expiry Date	2024	2025	2026	2027	2028	2029+	Total
Lease	2031	$ 4,249	$ 2,793	$ 955	$ 709	$ 598	$ 1,391	$ 10,695
Construction	2024	47,426	-	-	-	-	-	47,426
		$ 51,675	$ 2,793	$ 955	$ 709	$ 598	$ 1,391	$ 58,121

15. CONTINGENCIES

Housing NWT provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2023 a total of five (2022 - five) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $223 (2022 - $262). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2028 (2022 - 2026).

Under the terms of the SHA with CMHC, Housing NWT 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 Housing NWT shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2023 was $3,236 (2022 - $4,781). The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from Housing NWT. The obligation under loan guarantees as at March 31, 2023 is nil (2022 - nil).

(in thousands)

16. EXPENSES BY OBJECT

	2023	2022 (Restated - Note 3)
Amortization	$ 12,896	$ 15,683
Accretion of AROs	1,687	1,642
Compensation and benefits	33,313	31,452
Computer costs	90	84
Contract services	7,345	8,658
Controllable assets	271	224
Fees and payments	334	166
Grants and contributions	18,449	16,815
Interest on long-term debt	276	312
Loss on disposal of tangible capital assets	150	448
Materials and supplies	3,232	2,951
Minor modernization and improvements	7,605	5,535
Other expenses	1,186	984
Property taxes and land leases	2,506	2,256
Purchased services	1,066	924
Rental leasing	4,243	3,755
Travel	954	557
Utilities	29,337	26,637
Valuation allowances	34	104
	$ 124,974	$ 119,187

Public Service Pension Plan

Total employer contributions to the Public Service Pension Plan of $1,476 (2022 - $1,285) and to the NEBS of $488 (2022 - $439) were recognized as an expense in the current year. Total employee contributions were $1,362 and $487 respectively (2022 - $1,199 and $440).

17. FINANCIAL RISK MANAGEMENT

Housing NWT's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, and loans payable to CMHC and are measured at amortized cost. Housing NWT has exposure to the following risks from its use of financial instruments:

(in thousands)

17. FINANCIAL RISK MANAGEMENT (continued)

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. Housing NWT manages its liquidity risk by maintaining adequate cash balances and investing in money market instruments. These instruments are readily convertible into known amounts of cash. Housing NWT 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 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 32,273	$ -	$ -	$ 32,273
Loans and mortgages payable to CMHC	699	2,502	783	3,984
Total financial liabilities	$ 32,972	$ 2,502	$ 783	$ 36,257

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Housing NWT is exposed to credit risk on its cash and cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

Housing NWT manages its credit risk on cash and cash equivalents and portfolio investments by dealing only with reputable and credit worthy financial institutions. The maximum exposure to credit risk held in cash and cash equivalents and portfolio investments is $123,712 (2022 - $128,932).

In order to manage credit risk on accounts receivable, Housing NWT actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk in accounts receivable is $16,828 (2022 - $6,126).

In order to manage credit risk on mortgages and loans receivable, Housing NWT actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure to credit risk in mortgage and loans receivable is $3,783 (2022 - $3,969).

As at March 31, 2023, $995 (2022 - $1,212) of the impaired mortgages and loans are secured by homes Housing NWT has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The fair value of the security is not readily determinable.

As at March 31, 2023, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days	Total
Tenants rent receivable	$ 390	$ 260	$ 1,496	$ 11	$ 2,157
Trade accounts receivable	70	3	425	171	669
Mortgages and loans receivable	-	147	58	230	435

(in thousands)

17. FINANCIAL RISK MANAGEMENT (continued)

Housing NWT does not face cash flow interest rate risk on its loans payable to the CMHC because these interest rates are fixed for the full term of the loans. Because Housing NWT accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these loans payable.

18. OTHER TRANSFERS

In accordance with agreements signed in 2017 and 2018, Housing NWT has received public housing units from the Inuvialuit Regional Corporation (IRC). The IRC constructs the units on land owned or leased by Housing NWT using funding provided directly to the IRC by Indigenous and Northern Affairs Canada. The units are transferred to Housing NWT on completion for a nominal fee. Housing NWT treats these tangible capital assets received as government transfers and accrues the tangible capital asset (including work in progress) and the related government transfer revenues as the units are constructed. During the year, IRC finished constructing and transfered one housing unit to Housing NWT (2022 - nil). This is the last unit delivery from IRC with no further units expected in future years.

19. RELATED PARTY TRANSACTIONS

Housing NWT enters into transactions with related parties in the normal course of business under terms and conditions similar to those with unrelated parties. Balances receivable and payable resulting from transactions that Housing NWT had with related parties during the year are disclosed in Notes 5 and 7.

Related party expenses	2023	2022
Arctic Energy Alliance	$ 50	$ 159
Aurora College	1	-
Fuel Services Division	3,624	2,968
Government of the Northwest Territories Departments	4,260	3,304
Marine Transportation Services	-	3
Northwest Territories Power Corporation	7,334	7,177
	$ 15,269	$ 13,611

HOUSING NORTHWEST TERRITORIES

Consolidated Schedule of Tangible Capital Assets
As at March 31, 2023
(in thousands)

Schedule A

	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance (Restated - Note 3)	Acquisitions	Transfers	Disposals	Closing balance	Opening balance (Restated - Note 3)	Amortization	Disposals	Closing balance	2023	2022 (Restated - Note 3)
Lands and Buildings:											
Land	$ 10,570	$ -	$ 417	$ (16)	$ 10,971	$ -	$ -	$ -	$ -	$ 10,971	$ 10,570
Public Housing[1]	428,923	-	9,993	(5,634)	433,282	208,080	8,195	(1,433)	214,842	218,440	220,843
HELP and market housing	111,156	-	11,828	(1,043)	121,941	39,003	3,905	(425)	42,483	79,458	72,153
Non-residential properties	6,240	-	-	(3)	6,237	3,318	144	-	3,462	2,775	2,922
Work in Progress	27,883	51,387	(22,859)	-	56,411	-	-	-	-	56,411	27,883
Sub-total	584,772	51,387	(621)	(6,696)	528,842	250,401	12,244	(1,858)	260,787	368,055	334,371
Property and equipment:											
Warehouses and offices	12,623	-	(88)	-	12,535	6,943	279	(88)	7,134	5,401	5,680
Mobile equipment	3,914	788	-	-	4,702	2,792	303	-	3,095	1,607	1,122
Leasehold improvements	1,030	-	709	-	1,739	868	33	709	1,610	129	162
Office furniture and equipment	6,073	-	-	-	6,073	5,868	26	-	5,894	179	205
Software	114	-	-	-	114	99	11	-	110	4	15
Sub-total	23,754	788	621	-	25,163	16,570	652	621	17,843	7,320	7,184
Total	$ 608,526	$ 52,175	$ -	$ (6,696)	$554,005	$ 266,971	$ 12,896	$ (1,237)	$ 278,630	$ 375,375	$ 341,555

(1) Includes tangible capital assets transfers received from IRC with a value of $2,799 (2022 - Nil) in Public Housing and $0 (2022 – $2,519) in Work in Progress.
(2) Included in the disposals of accumulated amortization is a transfer of $709 to Leasehold Improvements from Public Housing $544, Help and Market Housing $78 and Warehouse $88.
(3) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of $nil (2022 - $nil)
(4) There were no capital leases as at March 31, 2023

Inuvialuit Water Board

Financial Statements

March 31, 2023

Inuvialuit Water Board

Financial Statements

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Management's Responsibility for the Financial Statements

June 20, 2023

To the Directors of
Inuvialuit Water Board

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Directors of the Board are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Crowe Mackay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

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 the Inuvialuit Water Board, which comprises the statement of financial position as at March 31, 2023, and the statements of operations, accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Chartered Professional Accountants

Yellowknife, Northwest Territories
June 20, 2023

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Note 12)	2023	2022
Revenue			
Contributions from GNWT	$ 939,000	$ 939,000	$ 924,000
Donation in-kind (Note 12)	61,693	61,693	61,693
Other revenue	-	4,160	1,209
Total revenues before repayable contributions	-	**1,004,853**	986,902
Repayable contributions (Note 8)	-	(239,442)	(344,372)
Total revenues	**1,000,693**	**765,411**	642,530
Expenses			
Advertising	2,000	1,802	1,560
Amortization	10,000	10,025	11,975
Board review and evaluation	-	33,825	-
Board travel and training	26,500	14,503	3,867
Communications	33,000	27,952	22,572
Communication strategy implementation	10,000	-	8,512
Community capacity initiative	30,000	21,850	-
Community tour	20,000	10,343	11,351
Conferences (recovery)	4,000	8,366	3,060
Equipment maintenance	16,000	4,003	5,668
Equipment rental	6,000	5,961	7,297
Honoraria	81,500	82,857	58,381
Hospitality	-	533	815
Interest and bank charges	500	179	67
Office supplies	3,500	1,482	2,117
Postage	2,000	296	260
Professional fees	136,500	67,908	49,130
Publications - French translation	10,000	-	-
Rent (Note 12)	61,693	61,693	61,693
Salaries and benefits	514,000	391,586	384,234
Staff travel	19,500	15,986	9,346
Staff training	2,000	-	-
Staff recruitment and relocation	12,000	-	-
Total expenses	**1,000,693**	**761,150**	641,905
Operating surplus	-	**4,261**	**625**
Transfer to (from) tangible capital assets	-	**(102)**	585
Surplus	**$ -**	**$ 4,159**	**$ 1,210**

Inuvialuit Water Board

Statement of Accumulated Surplus

For the year ended March 31,	Capital Asset Fund	Operating Fund	2023 Total	2022 Total
Balance, beginning of year	$ 23,533	$ 292,174	$ 315,707	$ 315,082
Operating surplus	-	4,261	4,261	625
Acquisition of tangible capital assets	10,127	(10,127)	-	-
Amortization of tangible capital assets	(10,025)	10,025	-	-
Balance, end of year	$ 23,635	$ 296,333	$ 319,968	$ 315,707

Inuvialuit Water Board

Statement of Change in Net Financial Assets

For the year ended March 31,	Budget (Note 12)	2023	2022
Operating surplus	$ -	$ 4,261	$ 625
Acquisition of tangible capital assets	(10,500)	(10,127)	(11,390)
Amortization of tangible capital assets	10,000	10,025	11,975
Net change in financial assets	**(500)**	**4,159**	1,210
Net financial assets, beginning of year	**292,174**	**292,174**	290,964
Net financial assets, end of year	**$ 291,674**	**$ 296,333**	$ 292,174

Inuvialuit Water Board

Statement of Financial Position

As at March 31,	2023	2022
Financial Assets		
Cash	$ 507,395	$ 560,975
Temporary investments (Note 5)	205,352	201,200
Accounts receivable (Note 6)	4,567	3,008
	717,314	765,183
Liabilities		
Accounts payable and accrued liabilities (Note 7)	181,539	128,637
Repayable contributions (Note 8)	239,442	344,372
	420,981	473,009
Net financial assets	296,333	292,174
Non-Financial Assets		
Tangible capital assets (Note 9)	23,635	23,533
Accumulated surplus	$ 319,968	$ 315,707

Approved on behalf of the Board

_______________ Director _______________ Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2023	2022
Cash provided by (used in)		
Operating activities		
Operating surplus (deficit)	$ 4,261	$ 625
Item not affecting cash:		
Amortization of tangible capital assets	10,025	11,975
Changes in non-cash operating working capital		
Accounts receivable	(1,559)	75
Accounts payable and accrued liabilities	52,902	(14,625)
Repayable contributions	(104,929)	60,483
	(39,300)	58,533
Investing activities		
Purchase of temporary investments	(206,259)	(201,200)
Maturity of temporary investments	202,106	200,000
	(4,153)	**(1,200)**
Capital activity		
Acquisition of tangible capital assets	**(10,127)**	(11,390)
Increase (decrease) in cash	**(53,580)**	45,943
Cash, beginning of year	**560,975**	515,032
Cash, end of year	**$ 507,395**	$ 560,975

1. Organization and Jurisdiction

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

The Board is exempt from income tax under paragraph 149(1)(c) of the *Income Tax Act* (Canada).

2. Impact of the Change in the Basis of Accounting

Section PS 3280, Asset Retirement Obligations, was issued by the Public Sector Accounting Standards Board ("PSAB") August 2018. It is effective for fiscal years beginning on or after April 1, 2022. The standard provides guidance on how to account for and report a liability for asset retirement obligations ("AROs"). The adoption of this new standard had no impact on the financial statements.

3. 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 Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies used by management in preparing 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, temporary investments, accounts payable and accrued liabilities, and repayable contributions. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value, with the write-down being recognized in the statement of operations.

(b) Cash

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities of three months or less from acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(c) 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 9.

2. Accounting Policies (continued)

(d) Fund Accounting

The Board uses fund accounting to segregate transactions between the Operating Fund and the 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 tangible capital assets.

(e) Revenue Recognition

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

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.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

Donation in kind for rent are recognized as contribution at their estimated fair market value at the date of the donation.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian 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. Significant accounts subject to measurement uncertainty include allowances for doubtful accounts, and the useful lives of tangible capital assets.

4. Future Accounting Standards

Revenue, Section PS 3400

This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations referred to as "non-exchange transactions." This Section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

The impact of the transition to these accounting standards is not expected to be significant.

5. Temporary Investments

Temporary investments include two one-year guaranteed investment certificates with the Canadian Imperial Bank of Commerece. These investments generate interest at a rate of 4.15% (2022 - 0.45%) per annum and mature on November 9, 2023.

6. Accounts Receivable

	2023	2022
Goods and Services Tax Rebate	$ 4,567	$ 3,008

7. Accounts Payable and Accrued Liabilities

	2023	2022
Government of the Northwest Territories - wages payable	$ 158,695	$ 94,324
Accrued liabilities	13,314	10,711
Credit card payable	2,575	20,585
Other accounts payable	6,949	3,017
	$ 181,533	$ 128,637

8. Repayable Contributions

	2023	2022
Government of the Northwest Territories Department of Environment and Natural Resources	$ 239,442	$ 344,372

9. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2022 Net Book Value
Furniture and equipment	20%	$ 52,597	$ 38,603	$ 13,994	$ 17,972
Computer equipment	30%	58,034	48,393	9,641	5,561
		$ 110,631	$ 86,996	$ 23,635	$ 23,533

10. Economic Dependence

The Board depends on funding as contributions from the Government of the Northwest Territories ("GNWT"). Management is of the opinion that if the funding were reduced or altered, operations would be significantly affected.

11. 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 and policies and oversight over arrears for the ultimate collection. Management has determined that no accounts receivable required impairment.

The Board's maximum exposure to credit risk is represented by the balance of the financial assets of $712,747 (2021 - $762,175).

(ii) Concentration of credit risk

Concentrations of credit risk is the risk that a customer(s) has a significant portion 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 a concentration of credit risk.

At March 31, 2023, 100% (2022 - 100%) of the Board's cash and temporary investments were held within one of Canada's chartered banks who is insured by the Canadian Deposit Insurance Corporation. In the event of defaul, the Board's cash is insured up to $100,000. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not meet all cash outflow obligations as they come due. The Board has a liquidity risk in accounts payable and accrued liabilities of $420,981 (2022 - $473,009). 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 the Board's financial assets and financial liabilities at March 31, 2023, mature within the next six 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

12. Related Party Transactions

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

The Board is controlled by, and regularly transacts with, the Government of the Northwest Territories. Transactions include contribution funding and donation in-kind related to rent. These transactions were in the normal course of the Board's operations. Transactions were measured at the exchange amount, which is the amount of consideration paid and agreed to by related parties.

13. Budget Amounts

The budget figures presented are those approved by the Board.

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2023

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 its board of directors.

Management is responsible for preparing these consolidated financial statements 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 is responsible for maintaining 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. It exercises this responsibility through the Audit Committee, which is comprised of members 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 her report thereon.

Joyce Taylor
Chief Executive Officer, CPA, CA

Edwin Shu
Director, Finance and Programs, CPA, CGA

September 13, 2023

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

Opinion

We have audited the consolidated financial statements of the Northwest Territories Business Development and Investment Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and the consolidated results of its operations, consolidated changes in its net financial asset, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's *Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Edmonton, Canada
13 September 2023

Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Financial Position (000's)

	March 31, 2023	March 31, 2022
	$	$
Financial Assets		
Cash (Notes 3 and 18)	18,156	15,473
Accounts receivable (Notes 4, 15 and 18)	409	2,195
Inventories held for resale (Note 5)	189	257
Loans receivable (Notes 6, 7 and 18)	42,525	44,184
Venture investments (Note 8)	350	350
	61,629	62,459
Liabilities		
Accounts payable and accrued liabilities	1,320	1,142
Other employee future benefits and compensated absences (Note 9)	282	286
Advances from the Government of the Northwest Territories (Notes 10 and 15)	24,898	26,067
Asset retirement obligations	85	34
	26,585	27,529
Net financial assets	35,044	34,930
Non financial assets		
Tangible capital assets (Schedule A)	145	172
Prepaid expenses	5	2
	150	174
Accumulated surplus	**35,194**	**35,104**

Contractual Obligations and Contingencies (Notes 13 and 14)

Approved by:

Matthew Bannister, CPA, CA
Acting Chairperson of the Board of Directors

The accompanying Notes and Schedules are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation

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

For the year ended March 31	Budget 2023	Actual 2023	Actual 2022
	$	$	$
Annual surplus (deficit)	(371)	90	825
Amortization of tangible capital assets	72	27	72
Acquisition of prepaid expenses	-	(5)	(2)
Use of prepaid expenses	-	2	12
	-	(3)	10
Increase (decrease) in net financial assets	(299)	114	907
Net financial assets, beginning of year	**34,930**	**34,930**	**34,023**
Net financial assets, end of year	**34,631**	**35,044**	**34,930**

The accompanying Notes and Schedules 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 2023	Actual 2023	Actual 2022
	$	$	$
Revenues			
Interest on loans receivable	2,160	2,104	2,270
Sales and other income	625	801	607
Interest on pooled cash (Note 3)	142	582	102
	2,927	3,487	2,979
Government transfers (Note 11)	3,049	3,106	2,882
	5,976	6,593	5,861
Expenses (Note 12)			
Lending and investments	5,235	4,984	3,912
Retail and manufacturing	1,112	1,519	1,124
	6,347	6,503	5,036
Annual surplus (deficit)	**(371)**	**90**	**825**
Accumulated surplus, beginning of year	**35,104**	**35,104**	**34,279**
Accumulated surplus, end of year	**34,733**	**35,194**	**35,104**

The accompanying Notes and Schedules 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	2023	2022
	$	$
Operating transactions		
Cash received from:		
Governments	4,380	130
Customers	801	675
Interest	2,882	2,793
	8,063	3,598
Cash paid for:		
Compensation and benefits	2,572	2,240
Payments to suppliers	1,566	914
Interest on advances from the Government of the Northwest Territories	392	633
Grants and contributions	199	206
	4,729	3,993
Cash provided by (used for) operating transactions	**3,334**	**(395)**
Investing transactions		
Loans receivable disbursed	(4,087)	(6,002)
Venture investment disbursed	-	(350)
Loans receivable repaid	5,044	4,358
Cash provided by (used for) investing transactions	**957**	**(1,994)**
Financing transactions		
Repayment of advances from the Government of the Northwest Territories	(1,608)	(367)
Advances from the Government of the Northwest Territories	-	-
Cash (used for) financing transactions	**(1,608)**	**(367)**
Increase (Decrease) in cash	**2,683**	**(2,756)**
Cash, beginning of year	15,473	18,229
Cash, end of year	**18,156**	**15,473**

The accompanying Notes and Schedules 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 (Government of the NWT) 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 of the NWT 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 of the NWT for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government of the NWT 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 of the NWT 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 of the NWT for their ongoing operations (Note 17).

Section 26 of the Act also authorizes the Government of the NWT 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 of the NWT 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(1)(d) 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 valuation of loans receivable, impaired loans, venture investments, amortization, and the allowance for credit losses, the provision for termination and removal benefits, and services received without charge and asset retirement obligations. 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 crafts			
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 of the NWT'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 of the NWT. Cash also includes funds and reserves subject to restrictions as described in Note 3.

(d) Accounts receivable

Accounts receivable are recorded at cost. A valuation allowance is recorded when the collection of a receivable is considered doubtful.

(e) Inventories held for resale

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 (NRV), with cost being determined on a first in, first out basis. In estimating NRV, an allowance for obsolescence is considered to address potential decreases in value due to factors such as inventory age, changing market conditions, and deterioration. The inventory allowances are reviewed annually for each subsidiary to ensure that reported net inventory values represent the expected net realizable value based on age and other factors.

(f) 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. Concessionary loans are recorded at net present value at issue, and the related present value discounts are expensed. 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.

Prior to the COVID- 19 pandemic, loans were considered in default when payment was three months past due (unless the loan was fully secured), or six months past due (regardless of whether the loan was fully secured). However, under the COVID-19 economic relief programs, clients were able to obtain low interest loans and/or reduce or defer their loan payments for the 2020-2021 fiscal year without penalty or additional interest charges. Impairment for these loans were assessed differently. The Corporation conducted client surveys, reviewed loan extension and restructuring requests as well as loan payments received in 2021-2022 to determine whether loans were performing or impaired. The three and six months policy resumed in 2022-23.

Loans receivable with concessionary terms are considered in part to be grants and are recorded on the date of issuance at face value discounted by the amount of the grant portion. The discounted value and the effective interest rate are determined using the prime rate adjusted for risk at the date of issuance. At the date of issue, the grant portion is calculated as the difference between the face and discounted value of the loan and recorded as interest expense. The grant portion is recognized as an expense at the date of issuance of the loan or when the concession is provided. These loans are carried at amortized costs with the discount being recorded as an increase in the loan balance and an increase to interest income over the term of the loan using the effective interest rate method.

2. Summary of significant accounting policies (continued)

(f) Loans receivable (continued)

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. Subsequent changes in the estimated net recoverable value are also 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) subsequent to a

loan, or loan with concessionary terms, being classified as impaired are offset against the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

In accordance to the FAA, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. Once an account has been forgiven, no further collection action is possible.

(g) 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.

2. Summary of significant accounting policies (continued)

(h) 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.

(i) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include trade payables and liabilities, accrued payroll and benefits and vacation pay payable. These liabilities are valued at cost.

(j) 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.

(k) 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 of the NWT 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.

2. Summary of significant accounting policies (continued)

(l) Post-employment 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.

(m) 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:

Land	Not amortized
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.

(n) Financial instruments

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

(o) 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.

2. Summary of significant accounting policies (continued)

(p) Segment disclosure

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represent 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.

(q) New accounting standards

On April 1, 2022, the Corporation adopted Public Accounting Standard for Assets Retirement Obligations - PS 3280. The standard was adopted prospectively from the date of adoption. The new section established standards on how to report a liability for asset retirement obligations.
The Corporation also adopted new standard PS 3400-Revenue which account for how to report revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

These new standards have no effect on the financial statements.

3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for post-employment benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government of the NWT's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government of the NWT. 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 earned $582,000 in interest at an average investment yield of 3.42% during the year (2022: $102,000 at an average investment yield of 0.71%).

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).

3. Cash (continued)

	000's	
	2023	2022
	$	$
Cash held by the Corporation for operations	6,128	3,795
Cash held by the Corporation's organizations	1,946	2,105
	8,074	5,900
Venture Investment Fund	3,805	3,805
Capital Fund	873	873
Subsidy Fund	610	559
Venture Reserve Fund	521	521
Loans and Bonds Fund	4,126	3,668
Capital Reserve Fund	147	147
	10,082	9,573
	18,156	**15,473**

4. Accounts receivable

	000's	
	2023	2022
	$	$
Receivables	257	182
Receivables from the Government of the Northwest Territories	85	2,079
Receivable from the Government of Canada	175	49
Less: provision for doubtful accounts	(108)	(115)
	409	**2,195**

5. Inventories held for resale

	000's	
	2023	2022
	$	$
Arts and crafts	48	70
Canvas products	141	187
	189	**257**

5. Inventories held for resale (continued)

During the year, $45,000 of inventories were written down (2022: $60,000) and no inventories were pledged as security. Also, during the year, the Corporation had $99,000 in recoveries on inventory that had been previously written down (2022: $99,000). Inventory write-downs and recoveries are included in the cost of goods sold. Effective April 01, 2022, the Corporation changed the write down estimate from three to five years.

6. 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, equipment, guarantees and general security agreements. Loans receivable are expected to mature as follows:

		000's			
		2023		**2022**	
		Rate Range	**Balances**	**Rate Range**	**Balances**
		%	**$**	**%**	**$**
Performing loans due within:	1 year	5.45-7.45	3,307	4.70-7.95	6,305
	1-2 years	2.95-6.75	3,640	5.45-7.45	3,636
	2-3 years*	1.75-6.45	6,853	2.95-6.95	3,920
	3-4 years*	1.75-6.45	10,335	1.75-6.95	9,881
	over 4 years	3.00-8.95	9,972	1.75-6.45	12,173
			34,107		35,915
Accrued loan interest receivable			328		662
Impaired loans			12,128		11,200
			46,563		47,777
Less: allowance for credit losses (Note 7)			4,038		3,593
			42,525		**44,184**

* These loans receivable have been reduced by $86,000 (2022: $153,000) under the concessionary terms

In 2023, no accounts were written off (2022: four accounts representing two borrowers totalling $230,000 plus a receivable unrelated to loans in the amount of $6,000) by the board of directors. One account totalling $179,911 (including impaired interest of $57,333 not recognized) was forgiven (2022: fourteen accounts representing ten borrowers totalling $3,473,000, including impaired interest of $1,513,000 not recognized) by the FMB. Recoveries on loans previously written off from both loans receivable and allowance totalled $28,000 (2022: $18,000).

6. Loans receivable (continued)

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 industry sector and geographic concentrations are displayed in the following tables:

Industry sector concentration

	000's			
	2023		2022	
Sectors	Performing	Impaired	Performing	Impaired
	$	$	$	$
Accommodations, food and beverage	4,436	2,557	6,852	1,207
Agriculture	183	2,386	276	2,333
Arts and craft	4	333	5	346
Business services	331	3	125	3
Communication	-	450	-	523
Construction	5,488	2,545	5,566	2,715
Educational services	14	-	31	-
Entertainment and recreation	539	-	18	-
Finance and insurance	273	-	296	-
Fisheries and wildlife	29	11	37	13
Forestry and logging	23	-	57	-
Health care	52	-	68	-
Information and cultural industries	52	-	69	-
Management of companies	1,486	-	1,555	-
Manufacturing	1,292	-	1,183	2
Mining	97	-	123	-
Oil and gas	-	337	-	359
Other services	2,074	33	1,852	38
Professional, scientific and technical services	265	-	331	-
Real estate	7,138	140	7,498	157
Retail	7,058	1,184	6,390	1,236
Transportation and storage	2,129	1,396	2,317	1,495
Travel and tourism	492	753	539	773
Wholesale	652	-	727	-
	34,107	**12,128**	**35,915**	**11,200**

6. Loans receivable (continued)

Geographic concentration

Regions	000's 2023 Performing	000's 2023 Impaired	000's 2022 Performing	000's 2022 Impaired
	$	$	$	$
Beaufort-Delta	3,360	451	3,387	512
Dehcho	5,053	2,064	4,990	2,251
North Slave	5,850	5,904	7,893	4,465
Sahtu	3,614	49	2,071	67
South Slave	16,230	3,660	17,574	3,905
	34,107	**12,128**	**35,915**	**11,200**

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

Credit risk rating	000's 2023	000's 2022
	$	$
Low	17,730	19,293
Medium	14,971	14,193
High	1,406	2,429
	34,107	**35,915**

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

Loans past due but not impaired	2023	2022
31 – 60 days	3	22
61 – 90 days	-	-
Over 90 days	-	-
	3	**22**

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 2023 (2022: nil).

6. Loans receivable (continued)

The table represents loans receivable with and without concessionary terms before allowance:

	000's	
Concessionary loans	**2023**	**2022**
	$	**$**
With no concessionary terms	45,153	45,278
With concessionary terms	1,082	1,837
Accrued loan interest receivable	328	662
	46,563	**47,777**

Economic relief measures extended

Loans with concessionary terms

The Corporation offered low interest working capital loans during the pandemic in 2021. Loans up to $25,000 or higher in certain circumstances, were provided to qualified businesses at a rate of 1.75% on unsecured loans, which normally have an interest rate of 6.45% (prime + 4%).

The specific allowance on loans with concessionary terms is $89,000 (2022: $56,000).

Loan payments deferred

In 2021, the Corporation allowed clients that applied to have their loan repayments reduced or deferred without penalty or additional interest charges. Approval was provided for interest and payment deferrals throughout the year for all qualified loans receivable.

With the continued impact of COVID-19 affecting the Northwest Territories' economy in 2022 and 2023, the Corporation's Application Review Committee approved zero loans (2022: thirty-one loans) with additional deferral options.

These deferrals have no concessionary terms and will include penalty and/or additional interest charges. The value of these loans is $10,966,329 (2022: $11,936,673) before credit allowance of $ 2,425,944 (2022: $3,391,650).

New economic relief measures

In 2023, the Corporation's Application Review Committee approved forty-one loans (2022: nil) to be deferred for a three-month period in response to the severe flooding in Hay River. The unprecedented natural disaster necessitated these deferral options to support the affected borrowers during the challenging period.

These deferrals have no concessionary terms and will include penalty and/or additional interest charges. The value of these loans at March 31st, 2023 is $11,139,291 (2022: $9,947,986) before credit allowance of $ 127,071 (2022: $83,692).

7. Allowance for credit losses

	000's	
	2023	2022
	$	$
Balance, beginning of year	3,593	5,199
Provision for credit losses	742	912
Loans written off and forgiven	-	(2,154)
Recoveries from repayments of allowance	(297)	(364)
Balance, end of year	**4,038**	**3,593**
Comprised of:		
Specific allowance*	3,354	2,875
General allowance	684	718
Balance, end of year	**4,038**	**3,593**

* The specific allowance includes $89,000 (2022: $56,000) for the economic relief working capital loans that were disbursed in 2021 (Note 6).

8. 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, 2023, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2023 were $943,000 (2022: $943,000) with accumulated write-downs of $593,000 (2022: $593,000). In 2023, no venture investments were approved for write-off (2022: nil) by the board or for forgiveness by the FMB (2022: nil).

Preferred shares and dividends

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

9. Other employee future benefits and compensated absences

(a) Pension benefits

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(l)(ii)). 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.

9. Other employee future benefits and compensated absences (continued)

(a) Pension benefits (continued)

For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.02 times (2022: 1.01) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.0 times (2022: 1.0) the employee's contribution. Total contributions of $163,000 (2022: $154,000) 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	
	2023	**2022**
	$	**$**
Corporation's contributions	163	154
Employees' contributions	162	154

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(l)(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.

The most recent actuarial valuation was completed in May 2023 and the information has been extrapolated to year-end. The values presented below are for the benefits under the severance, removal and compensated absences for the Corporation.

Change in Obligation	000's	
	2023	**2022**
	$	**$**
Accrued benefit obligation, beginning of year	198	142
Current period benefit cost	9	11
Interest cost	7	4
Benefit payments	(4)	(21)
Actuarial loss (gain)	(51)	(62)
Accrued benefit obligation, end of year	159	198
Unamortized net actuarial gain	123	88
Accrued benefit liability*	**282**	**286**

*Total retirement, post-employment, and other leave benefits includes $250,340 (2022: $246,158) related to severance and removal and $31,683 (2022: $31,955) related to compensated absences.

9. Other employee future benefits and compensated absences (continued)

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

Benefit Expense

	000's	
	2023	**2022**
	$	**$**
Current period benefit cost	9	11
Interest cost	7	4
Amortization of actuarial (gain) loss	(8)	(6)
Post-employment benefits	**8**	**9**

The discount rate used in determining the accrued benefit obligation is an average of 4.80% (2022: 4.10%). The assumed rate of compensation increase is 2% (2022: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 10.3 years (2022: 10.3 years). No inflation was applied.

10. Advances from the Government of the Northwest Territories

For the purpose of providing financial assistance to or making investments in business enterprises, the Act authorizes the Corporation to borrow from the Government of the NWT 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 (2022: $45 million) as at March 31, 2023.

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 2.54% to 3.94% (2022: 0.48% to 2.31%) during the year.

	000's	
	2023	**2022**
	$	**$**
Balance, beginning of year	26,067	26,798
Interest expense and cost of interest (Note 12)	831	269
Repayment of Advances (Note 18)	(2,000)	(1,000)
Advances received	-	-
Balance, end of year	**24,898**	**26,067**

During the year, no advances were provided to the Corporation (2022: nil) to cover new loans receivable. The $2,000,000 paid during the year represents $1,608,000 in principal and $392,000 in interest.

11. Government transfers

	000's					
	2023			2022		
	Lending/ Invest-ments	Retail/ Manufac-turing	Total	Lending/ Invest-ments	Retail/ Manufac-turing	Total
	$	$	$	$	$	$
Government of the Northwest Territories:						
Operations and maintenance	1,692	450	**2,142**	1,565	510	**2,075**
Services received without charge (Note 16)	746	-	**746**	710	-	**710**
	2,438	450	**2,888**	2,275	510	**2,785**
Federal programs	218	-	**218**	97	-	**97**
	2,656	**450**	**3,106**	**2,372**	**510**	**2,882**

A stipulation included in the agreement is for any unspent funds to be repaid to the Government of the NWT. There were no unspent amounts in 2023 (2022: nil).

12. Consolidated budgeted figures and expenses by object

The consolidated budgeted figures have been approved by the Minister and the FMB.

	Consolidated (000's)							
	2023				2022			
	Total Budget	Lending / Investments	Retail / Manufacturing	Total	Total Budget	Lending / Investments	Retail / Manufacturing	Total
	$	$	$	$	$	$	$	$
Advertising and promotion	47	18	7	**25**	29	14	2	**16**
Amortization	72	8	19	**27**	77	53	19	**72**
Asset retirement	1	-	2	**2**	-	-	2	**2**
Bad debts	4	-	27	**27**	6	-	2	**2**
Bank charges and interest	26	2	27	**29**	29	2	26	**28**
Board members	79	29	2	**31**	48	14	2	**16**
Business Development Fund	200	199	-	**199**	200	206	-	**206**
Business Service Centre	282	275	-	**275**	233	246	-	**246**
Compensation and benefits	3,276	2,301	263	**2,564**	2,727	2,203	225	**2,428**
Computers and communications	137	96	28	**124**	128	81	21	**102**
Cost of goods sold	625	-	825	**825**	763	-	640	**640**
Digital technology support	-	218	-	**218**	-	-	-	**-**
Insurance	26	-	32	**32**	24	-	28	**28**
Interest expense and cost of interest rate reduction	230	831	-	**831**	225	269	-	**269**
Office and general	59	137	38	**175**	77	50	10	**60**
Provision for (recovery of) credit losses (net)	750	445	-	**445**	650	547	-	**547**
Professional services	248	220	94	**314**	118	47	53	**100**
Rent	179	169	15	**184**	176	170	15	**185**
Repairs and maintenance	19	-	26	**26**	15	-	19	**19**
Site clean up	-	-	70	**70**	-	-	-	**-**
Training and workshops	-	17	-	**17**	-	7	-	**7**
Travel	28	19	3	**22**	53	3	1	**4**
Utilities	59	-	41	**41**	71	-	59	**59**
	6,347	**4,984**	**1,519**	**6,503**	**5,649**	**3,912**	**1,124**	**5,036**

13. Contractual obligations

As at March 31, 2023, there were no loans to businesses approved but not yet disbursed (2022: $370,000 at a weighted average interest rate of 5.1%). These loans do not form part of the loans receivable balance until disbursed. Also, as at March 31, 2023, there were no approved ventures not disbursed (2022: nil) and all contributions to businesses approved have been disbursed (2022: nil).

14. Contingencies

Loans

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling $273,000 (2022: one loan totalling $296,000). Loans provided by this organization may be assigned to the Corporation when impaired. If assigned, 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 2023, no accounts were assigned to the Corporation (2022: nil).

Letters of credit

The Corporation has one outstanding irrevocable standby letter of credit in the amount of $2,000,000 (2022: $2,000,000) that expires in fiscal 2024. Payment by the Corporation is due from this letter in the event that the applicant is in default of the underlying debt. To the extent that the Corporation must pay third parties as a result of this agreement, this payment will be owed to the Corporation by the applicant. The letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payment was made (2022: nil).

15. Related party transactions

The Corporation is related in terms of common ownership to all Government of the NWT created departments, territorial corporations, public agencies, its board of directors and key management personnel and their close family members. 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).

15. Related party transactions (continued)

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

	000's	
	2023	2022
	$	$
Revenues		
Sales	31	15
Government of the NWT transfers (Note 11)	2,888	2,785
Expenses		
Purchases	948	208
Interest on advances from the Government of the NWT	831	269
Balances at year end		
Accounts receivable	86	2,079
Accounts payable and accrued liabilities	293	182
Advances from the Government of the NWT	24,898	26,067

16. Services received without charge

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

	000's	
	2023	2022
	$	$
Staff support	524	488
Accommodation	222	222
	746	**710**

17. Economic dependence

The Corporation received 45.6% (2022: 47.5%) of its revenues in the form of a contribution and services without charge from the Government of the NWT. The Corporation's continued operations are dependent on these arrangements.

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;
- Application Review Committee (consisting of senior management) reviews and approves loans over $500,000; 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 real property, equipment, guarantees, and general security agreement.

As at March 31, 2023, $4,323,000 (2022: $4,649,000) of the impaired loans are fully 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. However, under the economic relief that provided working capital loans to qualified businesses with a 1.75% interest rate creates an increase to credit risk as these loans did not require any security or financial support.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2023:

	000's	
	2023	**2022**
	$	**$**
Cash	18,156	15,473
Accounts receivable	409	2,195
Loans receivable	42,525	44,184
Letters of credit	2,000	2,000

18. Risk management (continued)

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 of the NWT, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

The Corporation's borrowing from the Government of the NWT 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 of the NWT with cash available from the Loans and Bonds fund. During the year, the repayment of advances amounting to $2,000,000 (Note 10) were made to the Government (2022: $1,000,000).

Based on the Corporation's advances from the Government of the NWT as at March 31, 2023 and the monthly cash balance on hand, a 100-basis point increase in interest rates would decrease annual surplus by $89,000 (2022: decrease of $117,000). A 100-basis point decrease in interest rates would increase annual surplus by $89,000 (2022: increase of $102,000).

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 of the NWT 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.

Accounts payable and accrued liabilities are expected to be settled within the next 12 months.

19. Subsequent Event

Wildfires

The Northwest Territories have been impacted by wildfires in the summer of 2023, including an evacuation notice that was issued on August 16, 2023, for the capital city of Yellowknife. While this has no impact on the Corporation's financial statements for the year ended March 31, 2023, it may have a significant financial impact in fiscal year March 31, 2024, in particular with respect to the loan portfolio. However, it is not possible to reliably measure the financial impact at this time on the Corporation's financial statements for the next fiscal year.

Consolidated Schedule of Tangible Capital Assets — Schedule A
March 31, 2023

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	Land	Buildings	Vehicle and Equipment	Leasehold Im-provements	Computer Equipment	March 31, 2023	March 31, 2022
	$	$	$	$	$	$	$
Cost of tangible capital assets, opening	78	1,789	658	540	9	3,074	3,084
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	(18)	-	-	(18)	(10)
Cost of tangible capital assets, closing	78	1,789	640	540	9	3,056	3,074
Accumulated amortization, opening	-	1,709	652	532	9	2,902	2,840
Amortization expense	-	13	6	8	-	27	72
Disposals	-	-	(18)	-	-	(18)	(10)
Accumulated amortization, closing	-	1,722	640	540	9	2,911	2,902
Net book value	**78**	**67**	**-**	**-**	**-**	**145**	**172**

NORTHWEST TERRITORIES HERITAGE FUND

Financial Statements

For the Year Ended March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Northwest Territories Heritage Fund have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Northwest Territories Heritage Fund's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Financial Management Board is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. The Board also considers, for review approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Metrix Group LLP, in accordance with Canadian public sector accounting standards.

Mr. William MacKay
Secretary, Financial Management Board

Yellowknife, Northwest Territories
October 18, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Northwest Territories Heritage Fund

Opinion

We have audited the financial statements of Northwest Territories Heritage Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1(a) in the financial statements, which describes that effects of Canadian public sector accounting standards adopted by the Fund. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
October 18, 2023

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Financial Position
As at March 31, 2023

	2023	2022
ASSETS		
Cash	**$ 301,068**	$ 20,446
Interest receivable	**273,133**	159,267
Portfolio investments *(Note 2)*	**42,997,486**	37,034,743
	43,571,687	37,214,456
LIABILITIES		
Accounts payable and accrued liabilities	**35,714**	31,227
ACCUMULATED SURPLUS	**$ 43,535,973**	$ 37,183,229
ACCUMULATED SURPLUS CONSISTS OF:		
Accumulated surplus from operations	**$ 43,473,718**	$ 37,183,229
Accumulated remeasurement gains	**62,255**	-
	$ 43,535,973	$ 37,183,229

ON BEHALF OF THE BOARD

_______________ *Chairman of the Financial Management Board*

_______________ *Deputy Secretary of the Financial Management Board*

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

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Operations and Accumulated Surplus
For The Year Ended March 31, 2023

	2023 (Budget)	**2023 (Actual)**	2022 (Actual)
REVENUE			
Contributions from the Government of the Northwest Territories	$ 7,600,000	**$ 5,024,851**	$ 5,655,952
Investment income	-	**1,344,322**	1,442,442
	7,600,000	**6,369,173**	7,098,394
EXPENSES			
Professional fees	-	**78,684**	67,287
ANNUAL SURPLUS	7,600,000	**6,290,489**	7,031,107
ACCUMULATED SURPLUS, BEGINNING OF YEAR	37,183,229	**37,183,229**	30,152,122
ACCUMULATED SURPLUS, END OF YEAR	$ 44,783,229	**$ 43,473,718**	$ 37,183,229

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

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Remeasurement Gains and Losses
For The Year Ended March 31, 2023

	2023 (Note 1a)	2022
ACCUMULATED REMEASUREMENT GAIN - BEGINNING OF YEAR	**$ -**	$ -
Unrealized gain from adoption of PS 3450:		
Quoted in an active market	**925,251**	-
Designated at fair value	**118,621**	-
Amounts reclassified to statement of operations:		
Designated at fair value	**(118,621)**	-
Unrealized loss attributed to:		
Quoted in an active market	**(338,248)**	-
Designated at fair value	**(524,748)**	-
Net remeasurement for the year	**62,255**	-
ACCUMULATED REMEASUREMENT GAIN - END OF YEAR	**$ 62,255**	$ -

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

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2023

	2023 (Budget)	**2023 (Actual)**	2022 (Actual)
ANNUAL SURPLUS	$ 7,600,000	**$ 6,290,489**	$ 7,031,107
Increase in accumulated remeasurement gains	-	**62,255**	-
INCREASE IN NET FINANCIAL ASSETS	7,600,000	**6,352,744**	7,031,107
NET FINANCIAL ASSETS, BEGINNING OF YEAR	37,183,229	**37,183,229**	30,152,122
NET FINANCIAL ASSETS, END OF YEAR	$ 44,783,229	**$ 43,535,973**	$ 37,183,229

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

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Cash Flows
For The Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	$ 6,290,489	$ 7,031,107
Items not affecting cash:		
Amortization of investment premiums/discounts	(74,339)	(72,112)
Gain on disposal of investments	-	(252,163)
	6,216,150	6,706,832
Changes in non-cash working capital:		
Interest receivable	(113,866)	(15,269)
Accounts payable and accrued liabilities	4,487	553
	(109,379)	(14,716)
	6,106,771	6,692,116
INVESTING ACTIVITIES		
Purchase of investments	(7,188,049)	(21,681,934)
Proceeds from disposals and redemptions of investments	1,361,900	13,648,317
	(5,826,149)	(8,033,617)
INCREASE (DECREASE) IN CASH FLOWS	280,622	(1,341,501)
CASH, BEGINNING OF YEAR	20,446	1,361,947
CASH, END OF YEAR	$ 301,068	$ 20,446

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

PURPOSE OF FUND

The Northwest Territories Heritage Fund (the "Fund") was established under the authority of the Northwest Territories Heritage Fund Act.

The Fund has been established for the benefit and use of the people of the Northwest Territories. A portion of resource revenues is to be set aside to provide financial resources for the Government of the Northwest Territories (the "Government") to fund long-term investments that would allow Northwest West Territories residents to receive benefits from the development of the territory's non-renewable resources.

The Fund is not subjected to taxation under the Income Tax Act of Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are the representations of management and were prepared in accordance with Canadian public sector accounting standards. The net financial asset model is presented in the financial statements. Net financial assets are measured as the difference between the Fund's financial assets and liabilities as described in the statement of financial position.

Significant aspects of the accounting policies to the Fund are as follows:

(a) Change in accounting policy

Effective April 1, 2022, the Fund has adopted Canadian public sector accounting standards PS 1201 Financial Statement Presentations, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, and PS 3450 – Financial Instruments, required for government organizations beginning on or after April 1, 2022. The new accounting standards have been applied prospectively. Comparative results have not been restated. The primary changes to the Fund's financial statements from the previous years are as follows.

1. The carrying value of financial instruments included in portfolio investments are measured at fair value to correspond with how they are evaluated and managed. Prior to April 1, 2022, these financial instruments were recorded at cost or amortized cost.
2. Disclosure of the hierarchy of inputs used in the determination of fair value for investments are reported according to the following levels:
   - Level 1: Fair value is based on quoted prices in an active market.
   - Level 2: Fair value is based on model-based valuation methods for which all significant assumptions are observable in the market or quoted prices for similar but not identical assets.
   - Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation.
3. The carrying value of financial assets and liabilities denominated in a foreign currency are adjusted to reflect the exchange rate in effect at the financial statement date.
4. Unrealized gains and losses are recorded in the new statement of remeasurement gains and losses. Prior to April 1, 2022, unrealized gains and losses were not recorded in the financial statements. This accounting change increased the April 1, 2022 opening balance of investments and accumulated remeasurement gains by $1,043,872.

(continues)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Valuation of financial assets and liabilities

The Fund's financial assets and liabilities are generally measured as follows.

Financial Statement Component	Measurement
Cash	Cost
Portfolio investments	Fair value or amortized cost
Interest receivable	Lower of cost and net realizable value
Accounts payable and accrued liabilities	Cost

All financial assets are annually assessed for impairment. If an impairment deemed other-than-temporary is identified, the cost of the financial asset is written down to its realizable value. Any impairment losses are included in income on the statement of operations and accumulated surplus. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are expensed as they are incurred.

(c) Investment income

Investment income includes dividends interest icome, and realized gains or losses on the sale of portfolio investments, as well as revenue distributed by pooled funds (which also includes dividends, interest, and gains and losses).

Realized gains and losses on disposal of portfolio investments are recorded in the Fund’s accounts and included in income on the statement of operations and accumulated surplus Realized gains and losses on disposal of portfolio investments are determined on an average cost basis.

Investment income is recorded on the accrual basis, with dividend income recognized as it is declared. Investment income is accrued when there is reasonable assurance as to its measurement and collectability.

(d) Remeasurement gains and losses

Accumulated remeasurement gains and losses primarily represent the excess or shortfall of the fair value of the portfolio investments at period end over the cost of the portfolio investments. Changes in accumulated remeasurement gains and losses are recognized in the statement of remeasurement gains and losses. Changes in accumulated remeasurement gains and losses during the period include unrealized increases and decreases in fair value of the portfolio investments and realized gains and losses on sale of the portfolio investments. When the portfolio investments are sold (derecognized), any accumulated unrealized gain or loss associated with the investment becomes realized and is included in net income on the statement of operations and accumulated surplus.

(continues)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Government transfers

Government transfers are transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(f) Use of estimates

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(g) Future changes in significant accounting policies

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Fund will continue to assess the impact and prepare for the adoption of these standards.

(i) Public Private Partnerships

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership agreements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

ii) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

iii) Purchased Intangible Assets

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

2. PORTFOLIO INVESTMENTS

	2023	2022
Portfolio investments - amortized cost	**$ 33,305,894**	$ 37,034,743
Portfolio investments - fair valued	**9,691,592**	-
	$ 42,997,486	$ 37,034,743

The composition of porfolio investments measured at amortized cost is as follows:

	2023 Cost	**2023 Market value**	2022 Cost	2022 Market value
Canadian papers	**$ 28,778,485**	**$ 26,831,493**	$ 24,488,222	$ 23,187,816
Bonds	**4,527,409**	**4,202,187**	4,452,916	3,597,669
Equities and other financial instruments	-	**-**	8,093,605	9,137,439
	$ 33,305,894	**$ 31,033,680**	$ 37,034,743	$ 35,922,924

The composition of porfolio investments measured at fair value is as follows:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest bearing securities				
Other debt instruments	$ -	$ 4,149,852	$ -	$ 4,149,852
Equities				
Pooled investments - Canadian	1,088,374	-	-	1,088,374
Pooled investments - Global*	4,453,481	-	-	4,453,481
	$ 5,541,855	$ 4,149,852	$ -	$ 9,691,707

*Global equity includes investments in Canadian markets, equating to 31.7% of the pooled investment instrument as at March 31, 2023.

	2022			
	Level 1	Level 2	Level 3	Total
Interest bearing securities				
Other debt instruments	$ -	$ -	$ -	$ -
Equities				
Pooled investments - Canadian	-	-	-	-
Pooled investments - Global	-	-	-	-
	$ -	$ -	$ -	$ -

The fair value measurements are those derived from:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Fair value measurements rae those derived from valuation techniques that include inputs for the asests that are not based on observable market data (unobservable inputs).

3. FINANCIAL RISK MANAGEMENT

The Fund is exposed to various financial risks, including market risk (including currency risk and interest rate risk), credit risk, and liquidity risk through its portfolio investments. To manage these risks, the Fund invests in a diversified portfolio that is guided by the Northwest Territoties Heritage Fund regulation. The following analysis provides information about the Fund's risk exposure and concentration as of March 31, 2023.

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. The Fund is exposed to other price risk through its investment in equity instruments and other interest bearing securities.

If equity market indices (S&P/TSX, S&P500, MSCI EAFE and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 1.4%. Changes in fair value of portfolio investments are recognized in the statement of remeasurement gains and losses.

To manage this risk, the Fund has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The Fund's management of this risk has not changed from the prior year.

All material risks that affect the market value of the Fund's investments in fixed income are adequately explained in credit and interest rate risk below.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not hold any financial instruments denominated in a foreign currency. The Fund does not hedge its foreign currency exposure with currency forward contracts or any other type of derivative financial instruments.

Interest rate risk

Interest rate risk is the risk to the Fund’s earnings that arises from the fluctuations in interest rates and the degree of volatility in these rates. The Fund's interest rate risk is low as interest bearing securities held by the Fund have fixed interest rates or are not sensitive to changes in market interest rates and are expected to be held to maturity.

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty, debtor or issuer to fully honour its financial obligations with the Fund. The Fund is exposed to credit risk on debt securities. The Fund has required minimum credit quality standards for issuers to manage this risk. The credit rating distribution of fixed income and other interest bearing securities (based on market value) is as follows:

	2023	2022
Investment Grade (AAA to BBB)	**100 %**	100 %
Non-Investment Grade (BB or lower)	**- %**	- %
Unrated	**- %**	- %
	100 %	100 %

(continues)

3. FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. The Fund's liquidity risk is low as the Fund has access to available funds to meet short-term cash requirements. The Fund maintains a portfolio of cash and short-term investments while it has minimal operational expenses. As at March 31, 2023, the Fund has $2,242,000 in fixed income securities due to mature within 12 months.

4. BUDGET

Budget figures presented in these financial statements are based on the 2022-2023 Government of Northwest Territories "Main Estimates".

5. COMPARATIVE FIGURES

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

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2023

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2022 **Page**

Crowe

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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 Public Sector Accounting Standards for Government Not-for-Profit Organizations. When 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 Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to charitable foundations.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

Northwest Territories Human Rights Commission

Executive Director
Yellowknife, Northwest Territories
June 20, 2022

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Independent Auditors' Report

To the Commission Members of Northwest Territories Human Rights Commission

Opinion

We have audited the accompanying financial statement of Northwest Territories Human Rights Commission ("the Commission"), which comprise the statement of financial position as at March 31, 2022, 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.

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, 2022 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Crowe

Independent Auditors' Report (continued)

Auditors's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Chartered Professional Accountants

Yellowknife, Northwest Territories
June 20, 2022

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2022	2021
Revenue		
Legislative Assembly of the Northwest Territories		
- Operating grant	$ 180,000	$ 180,000
- Expense reimbursement (Note 5)	(27,094)	(7,592)
	152,906	172,408
Expenses		
Accounting	8,130	7,015
Advertising and promotion	5,063	7,333
Benefits and pension	703	707
Contracts - administration	-	560
Events	1,843	123
Honorarium - commission chair	24,534	15,461
Honorarium - commission members	24,999	10,454
Legal expenses	705	14,066
Membership fees	2,000	3,700
Office and administration	1,243	1,810
Professional development	1,500	10,468
Telephone	-	475
	70,720	72,172
Excess revenue	**$ 82,186**	$ 100,236

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2022	2021
	Total	Total
Balance, beginning of year	**$ 280,008**	$ 179,772
Excess revenue	**82,186**	100,236
Balance, end of year	**$ 362,194**	$ 280,008

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31,		2022		2021
Assets				
Current				
Cash	$	344,915	$	262,226
Due from the Legislative Assembly of the Northwest Territories		22,906		24,408
Prepaid expenses		2,000		-
	$	**369,821**	$	286,634
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**7,625**	$	6,626
Net Assets				
General Fund		**362,194**		280,008
	$	**369,819**	$	286,634

Contingency (Note 7)

Approved on behalf of NWT Human Rights Commission

C. Dent Commission Chair

Commission Member

Northwest Territories Human Rights Commission

Statement of Cash Flows

For the year ended March 31,		2022		2021
Cash provided by (used in)				
Operating activities				
Excess revenue	$	82,186	$	100,236
Change in non-cash operating working capital				
Due from the Legislative Assembly of the Northwest Territories		1,502		(21,660)
Prepaid expenses		(2,000)		2,600
Accounts payable and accrued liabilities		1,001		(409)
Increase in cash		**82,689**		80,767
Cash, opening		**262,226**		181,459
Cash, closing	**$**	**344,915**	$	262,226

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. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The management of the Commission has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.
- The impact to operations has been minimal.
- The Commission has not pursued nor received government assistance specifically related to COVID-19.

Subsequent to April 1, 2022, all restrictions in the Northwest Territories were lifted, and the Commission resumed its pre-pandemic activities.

3. Accounting Policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations ("PSA-GNPO") 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 the Legislative Assembly of the Northwest Territories, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost.

3. **Accounting Policies (continued)**

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) 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.

(c) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government 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.

(d) Contributed services

These financial statements only report the funding and expenses relating to the contribution funding from the Legislative Assembly of the Northwest Territories. The Legislative Assembly incurs expenses on behalf of the Commission and the expenses are not included in these financial statements. The salaries for the Director, Deputy Director, and staff, rent, legal and office expenses are paid directly by the Legislative Assembly and are not reflected in these financial statements.

(e) Tangible capital assets

The GNWT retains ownership of all tangible capital assets (TCA) used by the Commission. The GNWT's financial statements include these TCAs and as such, the Commission has no TCAs recognized in its financial statements.

4. Future Accounting Changes

Revenue, Section PS 3400

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

This section is effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

5. Expense Reimbursement

The Commission gave the Legislative Assembly of the Northwest Territories a portion from its funding to pay for various expenses on behalf of the Commission. In the current year, $50,000 of the $180,000 funding was given to the Legislative Assembly of the Northwest Territories for travel. The GNWT spent $27,094 on behalf of the Commission and $22,906 is shown as a receivable.

	Account 5785 Travel	Account 5892 Member Fees	Account 5893 Chair Fees	Account Misc	**TOTAL 2022**	TOTAL 2021
Administration	$ -	$ 1,406	$ 425	$ 1,411	**$ 3,242**	$ 2,947
Commission meetings	1,685	-	-	1,421	**3,106**	-
Legal	-	-	-	4,140	**4,140**	1,645
Community events	-	-	-	4,061	**4,061**	1,692
Publishing		-		8,948	**8,948**	987
Materials	-	-	-	3,597	**3,597**	321
Total	**$ 1,685**	**$ 1,406**	**$ 425**	**$23,578**	**$ 27,094**	$ 7,592

6. Financial Instruments

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

(a) Credit risk

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

The Commission has a credit risk in cash $344,915 (2021 - $262,226) as a result of having funds in excess of insurable limit with one financial institution.

Credit risk related to amount due from the Legislative Assembly of the Northwest Territories 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 $367,821 (2021 - $286,634).

(b) Concentration of credit risk

The Commission does have concentration of credit risk. At March 31, 2022, receivables from one government agency comprised $22,906 (2021 - $24,408), representing 100% (2021 - 100%) of the total outstanding accounts receivables.

At March 31, 2022, 100% (2021 - 100%) of the Commission's cash was held within one of Canada's chartered banks. This risk has not changed from the prior year.

7. Contingency

The Commission has received statements of claim related to matters arising in the ordinary course of business. These matters are at various stages and their outcome and an estimate of loss, if any, is not determinable. Liabilities related to these matters, if any, will be recorded when the matters are resolved.

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023

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, and 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 her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.

Cory Strang	**Paul Grant**
Chief Executive Officer	Chief Financial Officer

Hay River, NT
December 11, 2023

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Hydro Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Qualified Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Hydro Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are 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.

In our opinion, except for the matter of non-compliance described in the *Basis for Qualified Opinion* section of our Report on Compliance with Specified Authorities, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Hydro Corporation Act*, we report that, in our opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith.

Basis for Qualified Opinion

Subparagraph 32(1)(b)(ii) of the *Financial Administration Act* of the Northwest Territories requires the Northwest Territories Hydro Corporation to submit its annual report to its Minister not later than 90 days after the end of its fiscal year or not later than an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Northwest Territories Hydro Corporation did not meet its statutory deadline for submitting its annual report to its Minister for the year ended 31 March 2023.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Hydro Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Hydro Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Lana Dar

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
11 December 2023

NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2023	2022 Restated (Note 3)
Financial assets		
Cash	$ 761	$ 9,927
Revenues receivable (Note 4)	15,196	13,229
Government contributions receivable (Note 18)	7,451	3,505
Investment in Aadrii Ltd.	386	372
	23,794	**27,033**
Liabilities		
Operating line of credit (Note 5)	54,472	950
Accounts payable and accrued liabilities	51,857	27,276
Debenture debt owing to third parties (Note 6)	187,500	190,749
Debenture debt owing to the GNWT (Note 6)	37,596	38,573
Asset retirement obligations (Note 7)	6,498	7,313
Environmental liabilities (Note 8)	17,970	17,619
Capital lease obligation (Note 9)	15,545	15,950
Other employee future benefits (Note 10)	1,985	1,977
Deferred government contributions (Note 18)	2,199	13,117
	375,622	**313,524**
Net debt	**(351,828)**	**(286,491)**
Non-financial assets		
Tangible capital assets (Note 11)	524,642	456,196
Inventories (Note 12)	14,230	10,459
Prepaid expenses	2,033	1,472
	540,905	**468,127**
Accumulated surplus / equity (Note 13)	**$ 189,077**	**$ 181,636**

Contractual obligations and contingent liabilities (Note 20)
Subsequent events (Note 22)

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

Approved on behalf of the Board:

Stephen Loutitt, Chairperson of the Board

Martin Goldney, Director

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual Restated (Note 3)
Revenues			
Sale of power (Note 14)	$ 114,260	$ 112,269	$ 110,155
Fuel rider revenue	2,152	2,123	2,150
Other revenue (Note 15)	2,075	3,463	2,117
Interest income (Note 17)	75	92	424
Income (loss) from investment in Aadrii Ltd.	75	14	(69)
	118,637	**117,961**	**114,777**
Expenses (Notes 16,17)			
Thermal generation	66,524	83,602	68,896
Hydro generation	21,946	19,044	22,861
Corporate services	16,364	15,070	14,693
Transmission, distribution and retail	11,756	13,081	10,811
Purchased power	3,783	5,039	3,141
Alternative power generation	208	219	201
	120,581	**136,055**	**120,603**
Deficit for the year before government contributions	**(1,944)**	**(18,094)**	**(5,826)**
Government contributions			
Other government contributions (Note 18)	30,093	25,535	25,669
Surplus (Deficit) for the year	**$ 28,149**	**$ 7,441**	**$ 19,843**
Accumulated surplus / equity, beginning of year	**183,630**	**181,636**	**161,793**
Accumulated surplus / equity, end of year	**$ 211,779**	**$ 189,077**	**$ 181,636**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

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

	2023 Budget	2023 Actual	2022 Actual Restated (Note 3)
Surplus for the year	$ 28,149	$ 7,441	$ 19,843
Tangible capital assets			
Additions	(106,259)	(81,203)	(41,846)
Capitalized overhead	(4,500)	(3,877)	(3,339)
Capitalized interest (Note 17)	(1,373)	(1,546)	(1,488)
Disposals	2,500	971	2,311
Amortization (Note 11)	20,294	17,209	19,609
	(89,338)	**(68,446)**	**(24,753)**
Acquisition of inventories	(7,700)	(14,643)	(7,745)
Use of inventories	7,700	10,872	6,311
Acquisition of prepaids	(2,700)	(4,069)	(3,307)
Use of prepaids	2,700	3,508	3,389
	-	**(4,332)**	**(1,352)**
Increase in net debt for the year	**$ (61,189)**	**$ (65,337)**	**$ (6,262)**
Net debt, beginning of year	(287,140)	(286,491)	(280,229)
Net debt, end of year	**$ (348,329)**	**$ (351,828)**	**$ (286,491)**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2023	2022
Cash provided by operating activities		
Cash receipts from customers	$ 115,979	$ 115,386
Government contributions received (Note 18)	10,672	32,302
Cash paid to suppliers	(66,926)	(50,978)
Cash paid to employees	(31,683)	(30,607)
Interest paid	(10,948)	(10,071)
Interest received	92	64
	17,186	**56,096**
Cash provided by investing activities		
Loan receivable receipts	-	9,220
	-	**9,220**
Cash used in capital activities		
Acquisition and development of tangible capital assets	(75,249)	(45,459)
Proceeds on sale of tangible capital assets	51	27
	(75,198)	**(45,432)**
Cash provided by (used in) financing activities		
Issuance of debenture debt	-	-
Repayment of capital lease obligation	(405)	(202)
Repayment of debenture debt	(4,271)	(13,664)
Prepayment penalty for debenture debt	-	(1,787)
Proceeds from operating line of credit	53,522	948
	48,846	**(14,705)**
(Decrease) increase in cash	**$ (9,166)**	**$ 5,179**
Cash, beginning of year	9,927	4,748
Cash, end of year	**$ 761**	**$ 9,927**

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, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC 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 hydroelectric facility. NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations.

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 uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. NTPC filed its 2022/23 GRA on March 31, 2022. This application requested a change to NTPC's amortization rates as well as its energy rates, which include a return on equity component. In Decision 6-2023 the PUB approved amortization rates and a return on equity for 2022-23 of 8%. 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.

The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs as well as reduced access to lower cost generation through purchased power in Norman Wells and liquefied natural gas generation in Inuvik in the last two years. PUB Decision 4-2019 approved the rider effective May 1, 2019. The rider ranges between 0.69 cents/kWh to 0.99 cents/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited. The rider has remained in place through the first 2 quarters of the 2023-24 year due to high fuel prices and is expected to remain in effect until the fund balances are zero.

c) Economic dependence

NT Hydro has historically been 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 the 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.

a) Basis of consolidation

The consolidated financial statement of NT Hydro consist of the transactions and balances of NT Hydro and its wholly-owned subsidiaries. Inter-entity transactions and balances with the wholly-owned subsidiaries are eliminated upon consolidation. NTPC's investment in its government business partnership (GBP) is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions 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

Note 2. Significant accounting policies (continued)

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, government contributions receivable, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligations.

A provision for impairment of revenues receivable and government contributions 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 revenues receivables are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. 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, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2022-23 was 4.46% (2021-22 – 4.97%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

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) Contributions 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 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

Management has utilized amortization rates approved by the PUB in Decision 6-2023 (Note 1(b)). The cost, less residual value, is amortized over its useful life on a straight-line basis based on the average life of the group. Amortization rates were updated in 2022-23 to reflect the rates approved by the PUB. Assets under construction are not amortized until they are ready for their intended productive use. NTPC uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2023 Rates (%)	**2022 Rates (%)**
Electric power plants	1.00 – 5.00	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.54 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.35	1.00 – 4.86

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

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 other 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 location 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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

j) Asset retirement obligations (ARO)

An asset retirement obligation liability is recognized at the financial reporting date, when all of the following criteria are met:

- NT Hydro has a legal obligation to incur retirement costs
- the past transaction or event giving rise to the liability has occurred
- NT Hydro expects that future economic benefits will be given up
- a reasonable estimate of the amount can be made.

The estimate of an asset retirement obligation incorporates a present value technique. When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The liability is based on management's best estimate of retirement and/or abatement cost.

At each financial reporting date, the carrying amount of the liability is reviewed. NT Hydro recognizes period to period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. NT Hydro continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

k) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized 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. The liability reflects NT Hydro's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of environmental liabilities on an annual 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.

Note 2. Significant accounting policies (continued)

m) Revenues

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

Interest and other revenue are recognized on an accrual basis.

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingent liabilities

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

p) Non-financial assets

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

q) Future accounting changes

PSAB issued a new standard PS 3400 Revenue in November 2018. This standard has an effective date of April 1, 2023. NT Hydro continues to evaluate the potential impacts on its consolidated financial statements from the adoption of this standard.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

3. Restatement

Effective April 1, 2022, NTPC adopted PS 3280 Asset Retirement Obligations standard, using the modified retroactive approach with restatement of prior year comparatives, and recognized the following to conform with the new standard:

a) Asset retirement obligations, adjusted for accumulated accretion to the effective date;
b) Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
c) Accumulated amortization on the capitalized cost; and
d) Adjustment to the opening balance of accumulated surplus/equity.

Amounts are measured using information, assumptions and discount rates where applicable that were current on the effective date.

The amount recognized as an asset retirement cost is measured as of the date of the asset retirement obligation. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized as if the provisions of this standard had been in effect to the date as of which this standard is first applied.

Reconciliations of the prior year consolidated financial statements are as follows:

	As previously reported	De-recognition	Recognition	As restated
Consolidated Statement of Financial Position				
Financial assets	$ 27,033	$ -	$ -	$ 27,033
Liabilities				
Asset retirement obligations	(7,962)	6,638	(5,989)	(7,313)
All other	(306,211)	-	-	(306,211)
Net debt	(287,140)	6,638	(5,989)	(286,491)
Tangible capital assets	458,839	(2,961)	318	456,196
Inventories and prepaid expenses	11,931	-	-	11,931
Accumulated surplus/equity, end of year	$ 183,630	$ 3,677	$ (5,671)	$ 181,636

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Restatement (continued)

Consolidated Statement of Operations and Accumulated Surplus	As previously reported	De-recognition	Recognition	As restated
Revenue	$ 114,777	$ -	$ -	$ 114,777
Expenses	(120,748)	355	(210)	(120,603)
Government contributions	25,669	-	-	25,669
Annual surplus for the year	19,698	355	(210)	19,843
Accumulated surplus/equity beginning of year	163,932	3,322	(5,461)	161,793
Accumulated surplus/equity, end of year	$ 183,630	$ 3,677	$ (5,671)	$ 181,636

Consolidated Statement of Change in Net Debt	As previously reported	De-recognition	Recognition	As restated
Surplus for the year	$ 19,698	$ 355	$ (210)	$ 19,843
Tangible capital asset changes	(24,929)	(117)	284	(24,753)
Changes in inventory and Prepaids	(1,352)	-	-	(1,352)
Increase in net debt for the year	(6,583)	238	83	(6,262)
Net debt, beginning of year	(280,557)	6,400	(6,072)	(280,229)
Net debt, end of year	$ (287,140)	$ 6,638	$ (5,989)	$ (286,491)

In connection with adoption of PS 3280, management discovered that NTPC does not have a legal obligation to remove all fuel tanks at the end of their useful lives. As such, related ARO, asset retirement costs in tangible capital assets, accretion expense and amortization expense should not have been recorded in prior years. These have been de-recognized and the comparative figures in these consolidated financial statements have been restated as indicated above in the de-recognition columns.

In accordance with PS 3280, NTPC recognizes ARO related to legal obligations for asbestos abatement together with the related asset retirement cost in tangible capital assets, accretion expense and amortization expense. These have been recognized and the comparative figures in these consolidated financial statements have been restated as indicated above in the recognition columns

(in thousands of dollars)

4. Revenues receivable

At March 31, 2023, the aging of revenues receivable was as follows:

	2023			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 12,727	$ 852	$ 246	$ 13,825
Non-utility	1,290	93	165	1,548
Allowance for doubtful accounts	-	-	(177)	(177)
	$ 14,017	$ 945	$ 234	$ 15,196

At March 31, 2022, the aging of revenues receivable was as follows:

	2022			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 11,339	$ 839	$ 228	$ 12,406
Non-utility	909	3	114	1,026
Allowance for doubtful accounts	-	-	(203)	(203)
	$ 12,248	$ 842	$ 139	$ 13,229

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

	2023	2022
Balance, beginning of the year	$ (203)	$ (579)
Receivables written off	60	191
Change to allowance	(34)	185
Balance, end of the year	$ (177)	$ (203)

Revenues receivable on utility and non-utility accounts are generally due in 28 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2023, NT Hydro provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts that will not be collected. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 21.

5. Operating line of credit

NT Hydro has a $75,000 (2021-22 - $50,000) 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.

As at March 31, 2023, NT Hydro has borrowed $54,472 (2021-22 - $950) against the line of credit. See also Note 22 (a).

NT Hydro has no outstanding letters of credit as of March 31, 2023 (2021-22 - one letter of credit for $3,145) against its operating line of credit.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

6. Debenture debt

a) Owing to Third Parties

	2023	2022
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 52,926	$ 54,224
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	38,516	39,846
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, principal is due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first payment is interest only, the second payment is interest plus $667 principal	6,667	7,333
	$ 188,109	$ 191,403
Less: unamortized premium, discount and issuance costs	(609)	(654)
	$ 187,500	$ 190,749

The GNWT guarantees all third party debenture debt.

b) Owing to the GNWT

	2023	2022
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 37,596	$ 38,573

Principal repayments for future years on all debenture debt are as follows:

2024	2025	2026	2027	2028	Thereafter	Total
$ 4,413	$ 4,566	$ 19,721	$ 4,885	$ 5,055	$187,065	$ 225,705

(in thousands of dollars)

7. Asset retirement obligations

ARO 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. ARO also includes estimated remediation costs to remove asbestos from NTPC's buildings.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $13,241 (2021-22 -- $13,872 as restated – Note 3).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 39 years with the majority occurring after 2036.
- The discount rate is the year-end cost of borrowing of 3.96% (2021-22 – 3.33%) for those obligations to be settled in less than 10 years and 4.34% (2021-22 – 3.61%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2021-22 – 2%).

Following is a summary of the asset retirement obligations:

	2023	2022 Restated (Note 3)
Opening balance	$ 7,313	$ 7,523
Liabilities settled	(35)	(1)
Accretion expense	257	254
Valuation adjustment	(1,037)	(473)
Additions	-	10
Balance, end of year	$ 6,498	$ 7,313

The valuation adjustments relate to changes in discount rates, timing of cash flows and estimated costs to retire assets or remediate asbestos. The valuation adjustments are reflected as changes to the carrying value of the tangible capital assets.

8. Environmental liabilities

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 and other substances 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. NTPC estimates that it has 23 geographic locations (2021-22 - 23 locations) with multiple sites at each location which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

(in thousands of dollars)

Note 8. Environmental liabilities (continued)

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - \$69,854 (2021-22 -- \$52,551).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 68 years with the majority occurring after 2059.
- The discount rate is the year-end cost of borrowing of 3.96% (2021-22 – 3.33%) for those obligations to be settled in less than 10 years and 4.34% (2021-22 – 3.61%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2021-22 – 2%).

Following is a summary of the estimated environmental liabilities:

	2023	2022
Opening balance	\$ 17,619	\$ 14,368
Liabilities settled	(2,877)	(1,383)
Valuation adjustment	3,228	4,634
Balance, end of year	\$ 17,970	\$ 17,619

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 16).

(in thousands of dollars)

9. Capital lease obligation

In 1996, NTPC entered into a 65-year lease from the Dogrib Power Corporation for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The lease matures August 2061. The interest rate on the lease as of March 31, 2023 was 7.75% (2021-22 – 7.75%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). 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 mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 11).

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2024	$ 1,656
2025	1,624
2026	1,593
2027	1,562
2028	1,530
Thereafter	33,045
	41,010
Less: amounts representing imputed interest	(25,465)
Total capital lease obligation	**$ 15,545**

Additional disclosures on NTPC's exposure and management of risk associated with the capital lease obligation can be found in Note 21.

10. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC 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 2% 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 1.02 times (2021-22 – 1.02) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2021-22 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $196 (2021-22 - $191) was 5.29 times (2021-22 – 5.91) the employee's contributions. Employer contributions of $2,577 (2021-22 - $2,288) were recognized as an expense in the current year. The employees' contribution to this plan was $2,348 (2021-22 - $2,148).

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.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 10. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2023			2022		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 3,297	$ 267	$ 3,564	$ 2,799	$ 221	$ 3,020
Benefits earned	279	19	298	299	21	320
Interest	115	9	124	77	6	83
Benefits paid	(563)	(37)	(600)	(1,269)	(36)	(1,305)
Actuarial (gains) losses	5	(12)	(7)	1,391	55	1,446
Accrued benefit obligation, end of year	3,133	246	3,379	3,297	267	3,564
Unamortized net actuarial gain/(loss)	(1,134)	(260)	(1,394)	(1,255)	(332)	(1,587)
Net future obligation	$ 1,999	$ (14)	$ 1,985	$ 2,042	$ (65)	$ 1,977

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.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 10. Other employee future benefits (continued)

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

	2023	2022
Current benefits earned	$ 298	$ 320
Interest	124	83
Amortization of net actuarial loss	186	48
	$ 608	$ 451

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

	2023	2022
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	4.1%	3.4%
Expected average remaining service life of related employee groups (EARSL)	10.4 years	10.4 years

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Tangible capital assets

March 31, 2023	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 402,630	$ 108,650	$ 79,353	$ 28,733	$ 95,430	$ 714,796
Additions	-	-	-	-	86,626	86,626
Transfers – completed projects	26,854	4,355	13,184	-	(44,393)	-
Disposals and adjustments	(868)	(285)	(1,568)	-	-	(2,721)
Closing balance	428,616	112,720	90,969	28,733	137,663	798,701
Accumulated amortization						
Opening balance	(158,589)	(42,774)	(46,636)	(10,601)	-	(258,600)
Amortization	(10,668)	(2,653)	(3,407)	(481)	-	(17,209)
Disposals and adjustments	108	244	1,398	-	-	1,750
Closing balance	(169,149)	(45,183)	(48,645)	(11,082)	-	(274,059)
Net book value	**$ 259,467**	**$ 67,537**	**$ 42,324**	**$ 17,651**	**$ 137,663**	**$ 524,642**

March 31, 2022 (Restated – Note 3)	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 396,247	$ 107,819	$ 77,482	$ 28,733	$ 63,290	$ 673,571
Additions	10	-	-	-	46,662	46,672
Transfers – completed projects	9,763	997	3,762	-	(14,522)	-
Disposals and adjustments	(3,390)	(166)	(1,891)	-	-	(5,447)
Closing balance	402,630	108,650	79,353	28,733	95,430	714,796
Accumulated amortization						
Opening balance	(148,348)	(40,294)	(43,344)	(10,141)	-	(242,127)
Amortization	(11,734)	(2,624)	(4,791)	(460)	-	(19,609)
Disposals and adjustments	1,493	144	1,499	-	-	3,136
Closing balance	(158,589)	(42,774)	(46,636)	(10,601)	-	(258,600)
Net book value	**$ 244,041**	**$ 65,876**	**$ 32,717**	**$ 18,132**	**$ 95,430**	**$ 456,196**

The cost of land as of March 31, 2023 included in electric power plants asset cost is approximately $5,594 (2021-22 - $5,894). Amortization is not recorded on land.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

12. Inventories

	2023	2022
Materials, supplies and lubricants	$ 9,490	$ 5,200
Critical spare parts	4,244	4,989
Fuel	496	270
	$ 14,230	$ 10,459

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants.

13. Accumulated surplus/equity

	2023	Restated (Note 3) 2022
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	145,948	138,507
	$ 189,077	$ 181,636

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, 2023, 1 common share (2021-22 – 1 common share), at $43,129 per share (2021-22 – $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

	2023	2022
Power sales to external customers	$ 83,647	$ 82,023
Power sales to GNWT and related parties	17,431	16,947
GNWT TPSP payments	6,601	6,550
GNWT HSP payments	4,590	4,635
	$ 112,269	$ 110,155

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.

(in thousands of dollars)

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

	2023	2022
Contract work	$ 1,687	$ 575
Heat revenues	670	482
Pole rental	355	373
Connection fees	310	410
Other	441	277
	$ 3,463	$ 2,117

16. Expenses

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

	2023	2022 Restated (Note 3)
Fuel and lubricants (Notes 19, 20)	$ 45,419	$ 27,638
Salaries and wages	30,572	29,485
Supplies and services	28,908	27,449
Amortization (Note 11)	17,209	19,609
Interest expense (Note 17)	10,971	10,775
Travel and accommodation	2,701	2,422
Loss on settlement of NWTEC debentures	-	1,787
Loss on disposal of assets	18	1,184
Accretion on ARO (Note 7)	257	254
	$ 136,055	$ 120,603

(in thousands of dollars)

17. Interest expense and interest income

Interest expense

		2023		2022
Interest on debenture debt and capital leases (Notes 6, 9)	$	11,383	$	12,014
Short-term debt financing costs		1,134		249
Capitalized interest during construction		(1,546)		(1,488)
	$	10,971	$	10,775

Interest income

		2023		2022
Interest on loan receivable	$	-	$	360
Income from overdue accounts and bank balances		92		64
	$	92	$	424

18. Other government contributions

Government of Canada's Low Carbon Economy Leadership Fund

NTPC entered into two agreements with the GNWT under the Government of Canada's Low Carbon Economy Leadership Fund (LCELF) for the following projects:

Inuvik Power Plant – 3rd LNG Fuel Tank (2021-22 Agreement)
This agreement is to support 75% of the cost of installation of a 3rd LNG tank at the Inuvik Power Plant to a maximum of $878. The agreement expires on March 31, 2023. During the year, NTPC received $686 and incurred $730 (2021-22 - $135) in eligible expenditures. The amount of expenditures in excess of amount received, $179, has been recorded as a government contribution receivable.

Inuvik Power Plant – EV Charging Station in Behchoko (2022-23 Agreement)
This agreement is to support 75% of the cost of installation of an electric vehicle charging station in Behchoko with 2 stalls to a maximum of $468. The agreement expires on September 14, 2023. During the year, NTPC received $31 and incurred $68 in eligible expenditures. The amount of expenditures in excess of amount received, $37, has been recorded as a government contribution receivable.

Investing in Canada Infrastructure Program

In 2019-20, NTPC entered into agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program (ICIP) for the following projects:

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 18. Other government contributions (continued)

Taltson Hydroelectric Facility Major Overhaul

This agreement is to support 75% of the cost of completing upgrades to various hydro, mechanical and electrical components of the facility in addition to the installation of a tailrace gate to a maximum of $17,820. No funds were received in 2022-23. By March 31, 2022, NTPC received a total of $14,855 and had incurred the maximum eligible expenditures per the agreement of $17,820. The amount of eligible expenditures incurred in excess of the amount received, $2,965 (2021-22 - $2,965), has been recorded as a government contribution receivable. The agreement expires March 31, 2024.

Lutsel K'e – New Diesel Power Plant Facility Project

This agreement is to support 75% of the cost of replacing the existing power plant in the community to a maximum of $8,775. During the year, NTPC received payments of $0 (2021-22 - $6,000). As of March 31, 2023, NTPC incurred the maximum eligible expenditures per the agreement of $8,775 (2021-22 - $7,155) and received the maximum eligible funding of $8,775. The amount received in excess of eligible expenditures incurred, $0 (2021-22 - $1,620), has been recorded as a deferred government contribution liability. The agreement expires March 31, 2024.

Fort Simpson – Liquefied Natural Gas Power Generation Facility

This agreement is to support 75% of the cost to complete construction, installation and commissioning of a gas generation plant, as well as sufficient LNG storage and regasification to a maximum of $11,250. During the year, NTPC received payments of $0 (2021-22 - $0). As of March 31, 2023, NTPC has incurred $863 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,486 (2021-22 - $1,515), has been recorded as a deferred government contribution liability. The agreement expired March 31, 2023.

In 2018-19, NT Hydro's subsidiaries entered into agreements with the GNWT under the Government of Canada's ICIP for the following projects:

Snare Forks Overhauls on Units 1 and 2

This agreement is to support 75% of the cost of completing turbine and generator upgrades on two units at NTPC's Snare Forks powerhouse to a maximum of $14,100.

In October 2018, Unit 1 experienced a mechanical failure prior to the start of the planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure including the costs associated with additional diesel generation. In 2019-20, NTPC received $5,000 in a preliminary installment on the insurance claim and recognized this amount as revenue. Further insurance proceeds may be receivable in the future and the amount, if any, will be recognized as revenue and a portion of the ICIP funding may be repayable. As of March 31, 2023, the amount of additional insurance proceeds cannot be reasonably estimated.

During the year, NTPC received payments of $0 (2021-22 - $1,080). Lifetime payments of $9,270 were received in previous years. As of March 31, 2023, NTPC has incurred $9,495 (2021-22 - $9,170) of eligible expenditures. The eligible expenditures incurred in excess of amounts received was $225 and is recorded as a government contribution receivable (2021-22 - $100 deferred government contribution liability).

The agreement expires March 31, 2029.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 18. Other government contributions (continued)

Sachs Harbour Plant Replacement

This agreement is to support 75% of the costs to fund the installation and commissioning of a new power plant and fuel storage tanks in Sachs Harbour to a maximum of $7,481. During the year, NTPC received payments of $0 (2021-22 - $1,881). Lifetime payments of $7,481 have been received. As of March 31, 2023, NTPC has incurred $7,037 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $444 (2021-22 - $2,216), has been recorded as a deferred government contribution liability. The agreement expires March 31, 2024.

Inuvik Wind

This agreement between NT Energy and the GNWT is to support 100% of the costs of the design, construction and commissioning of the Inuvik High Point Wind project, to a maximum of $39,900.

During the year, NT Energy received payments of $9,258 (2021-22 - $19,205). Lifetime payments of $35,910 (2021-22 - $26,652) have been received. As of March 31, 2023, NT Energy has incurred $39,900 (2021-22 - $19,556) of lifetime eligible expenditures. The eligible expenditures incurred in excess of contributions received of $3,990 has been recorded as a government contribution receivable. (2021-22 - $7,096 deferred government contribution liability).

The agreement expires March 31, 2024.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 18. Other government contributions (continued)

The following table summarizes NT Hydro's budget and the actual eligible costs incurred on the respective ICIP and LCELF and other projects. The actuals reflect the amounts that NT Hydro has recorded as other government contributions:

	2023 Budget	2023 Actuals	2022 Actuals	Total Lifetime Costs
Taltson Hydroelectric Overhaul				
Salaries and wages		$ -	$ 4	$ 28
Supplies and services		-	4,209	17,724
Transportation costs		-	32	68
	$ 2,965	**$ -**	**$ 4,245**	**$ 17,820**
Lutsel K'e Diesel Plant				
Salaries and wages		$ 67	$ 8	$ 88
Supplies and services		1,421	5,029	8,510
Transportation costs		131	41	176
	$ 1,087	**$ 1,619**	**$ 5,078**	**$ 8,774**
Fort Simpson LNG				
Salaries and wages		$ -	$ (9)	$ 102
Supplies and services		28	124	758
Transportation costs		-	1	3
	$ 375	**$ 28**	**$ 116**	**$ 863**
Snare Forks Overhauls				
Salaries and wages		$ 42	$ 25	$ 417
Supplies and services		240	1,651	8,535
Transportation costs		41	30	541
	$ -	**$ 323**	**$ 1,706**	**$ 9,493**
Sachs Harbour Plant Replacement				
Salaries and wages		$ 39	$ 9	$ 88
Supplies and services		1,689	165	6,852
Transportation costs		44	8	97
	$ 1,223	**$ 1,772**	**$ 182**	**$ 7,037**
Inuvik Wind				
Salaries and wages		$ 294	$ 74	$ 922
Supplies and services		19,862	13,785	38,725
Transportation costs		187	-	253
	$ 14,235	**$ 20,343**	**$ 13,859**	**$ 39,900**
Total ICIP contributions	**$ 19,885**	**$ 24,085**	**$ 25,186**	**$ 83,887**
LCELF and other contributions	**$ 10,208**	**$ 1,450**	**$ 483**	**$ 1,237**
Total government contributions	**$ 30,093**	**$ 25,535**	**$ 25,669**	**$ 85,124**

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 18. Other government contributions (continued)

Other agreements

In 2022-23, NT Energy entered into three single year agreements with the GNWT. The first is for bridge funding costs associated with establishing an unregulated entity to facilitate the expansion of the electricity system through alternative energy development. The total agreement was for $250, all of which was received and recognized as revenue in 2022-23.

The second agreement was to support lease costs for the NT Energy office in Hay River. The total agreement was for $98 all of which was received and recognized as revenue in 2022-23.

The third agreement was entered into to be utilized to further the work on the Fort Providence/Kakisa Transmission Line. The total agreement was for $550, all of which was received during the 2021-22 year. As of March 31, 2023, $303 (2021-22 - $0) were incurred for the project. The amount received in excess of eligible expenditures of $247 is recorded as a deferred government contribution liability as of March 31, 2023 (2021-22 - $550).

(in thousands of dollars)

19. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

Revenues	**2023**	**2022**
Other revenue	$ 652	$ 558
Fuel rider revenue	448	457
	$ 1,100	$ 1,015
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 20)	$ 30,761	$ 20,295
Other operating expenses	1,070	1,302
	$ 31,831	$ 21,597
Financial assets		
Revenues receivable		
Utility	$ 468	$ 469
Non-utility	93	-
	$ 561	$ 469
Liabilities		
Accounts payable to FSD for fuel (Note 20)	$ 16,734	$ 3,731
Other accounts payable and accrued liabilities	12	152
	$ 16,746	$ 3,883

(in thousands of dollars)

20. Contractual obligations and contingent liabilities

a) Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2023.

	2024	2025 and subsequent
Operational and lease commitments	$ 8,349	$ 368

Capital projects

NT Hydro has contractual obligations of $29,325 related to capital projects, of which payments are expected to be made in 2023-24.

In addition, NT Hydro had entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC has a fuel management services agreement with FSD. Under this agreement, FSD provides fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC. 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 FSD in a given year. There is an annual minimum purchase requirement of 13,000 liters averaged over a 2 year period. The contract expires March 31, 2029.

LNG purchases

NTPC had an agreement with FSD to supply NTPC's Inuvik facilities with LNG that expired on March 31, 2020. The price of LNG under this agreement varied with FSD's costs, which included LNG fuel costs, which were subject to changes in the market price, transportation costs and an administrative fee. There were no minimum purchase requirements under the old contract. NTPC is currently in negotiations with FSD to sign a new agreement. NTPC is following the terms of the old contract until a new contract is finalized.

b) Contingent liabilities

A contractor of NT Hydro has filed a lawsuit seeking recovery of $4,964 for payment under a capital contract. NT Hydro is in the process of filing a statement of defense and counterclaim to offset the amount claimed and losses in excess of the amounts claimed. NT Hydro is also seeking indemnity under a performance bond issued for the project. An assessment of the likelihood of success of the claim, counterclaim or indemnity cannot be made as of March 31, 2023.

In June 2023, uncertainty related to the Safety Acts violation counts dislosed in 2021-22 was resolved. NTPC was issued a $200 fine which was recorded as an expense and accrued liability as of March 31, 2023.

(in thousands of dollars)

21. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, government contributions receivable, operating line of credit, accounts payable and accrued liabilities, debenture debts, and capital lease obligations.

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.

	2023	2022
Revenues receivable	$ 15,196	$ 13,229
Government contributions receivable	7,451	3,505
Cash	761	9,927
	$ 23,408	$ 26,661

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Thirty-seven percent (2021-22 - 37%) of NTPC's sales of power are to two other utilities. Twenty-five percent (2021-22 - 26%) of sales of power, including HSP and TPSP are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Cash

NT Hydro minimizes the credit risk of cash 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.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 21. 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 amortization provisions. 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 $75,000 operating line of credit with a reputable financial institution. The following table shows the maturities of the debenture debt, operating line of credit, and capital lease obligation:

	March 31, 2023				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 4,414	$ 64,462	$ 106,554	$ 50,275	$ 225,705
Operating line of credit	54,472	-	-	-	54,472
Capital lease obligation	1,656	7,808	17,684	13,862	41,010
	$ 60,542	$ 72,270	$ 124,238	$ 64,137	$ 321,187

	March 31, 2022				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 4,271	$ 38,641	$ 132,401	$ 54,663	$ 229,976
Operating line of credit	950	-	-	-	950
Capital lease obligation	1,687	7,965	18,124	14,921	42,697
	$ 6,908	$ 46,606	$ 150,525	$ 69,584	$ 273,623

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 21. Financial instruments and risk management (continued)

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 fair value of the debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates.

22. Subsequent events

a) Financing

In April 2023, NTPC issued a new long term debenture of $75,000. Interest is payable semi-annually at 4.34% per year. The debenture is due April 2053. The proceeds were used to repay the line of credit and fund the 2023-24 capital plan.

b) Contribution from the GNWT and low water event

Low water in the Snare/Yellowknife zone occurred in 2022-23 and has persisted in 2023-24. In July 2023, the GNWT authorized and paid a contribution to NTPC of $15,200 to assist with additional fuel costs related to increased fuel prices and additional fuel consumption.

NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD

Audited Financial Statement

March 31, 2023

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Northwest Territories Surface Rights Board are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Territories Surface Rights Board and meet when required.

On behalf of Northwest Territories Surface Rights Board

Doug Rankin, Executive Director
Northwest Territories Surface Rights Board
June 22, 2023

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Independent Auditor's Report

Board of Directors, Northwest Territories Surface Rights Board

Opinion

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board., which comprise the statement of financial position as at March 31, 2023, statement of operations, statement of changes in net financial debts, statements of accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northwest Territories Surface Rights Board. as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Northwest Territories Surface Rights Board. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Northwest Territories Surface Rights Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Northwest Territories Surface Rights Board. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Northwest Territories Surface Rights Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Northwest Territories Surface Rights Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Northwest Territories Surface Rights Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Northwest Territories Surface Rights Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation
Chartered Professional Accountants
Yellowknife, Northwest Territories
June 22, 2023

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement I**
Statement of Financial Position
As At March 31, 2023

		2023		2022
Financial Assets				
Cash & cash equivalents *(Note 4)*	$	193,659	$	185,586
Accounts receivable *(Note 5)*		1,173		-
Total Financial Assets		**194,832**		**185,586**
Liabilities				
Accounts Payable *(Note 6)*		28,770		31,143
Deferred Revenue *(Note 7)*		166,062		156,573
Total Liabilities		**194,832**		**187,716**
Net Financial Debts		**-**		**(2,130)**
Non Financial Assets				
Prepaid Expenses		-		2,130
		-		2,130
Accumulated Surplus	$	-	$	-

Approved on behalf of Board

Director

Director

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

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement II**
Statement of Operations
For the Year Ended March 31, 2023

		2023		2022
Revenues				
Government of NWT Contributions		328,010		317,645
Prior year surplus		156,574		51,117
Interest revenue		4,306		205
Transferred to deferred revenue		(166,062)		(156,573)
Total Revenues		**322,828**		**212,394**
Expenses				
Bank charges and interest		837		550
Board travel and other costs		27,364		368
Honorarium		68,934		35,861
Insurance		2,130		2,421
Office and other supplies		26,512		12,156
Professional fees		90,694		61,867
Rent		28,237		28,122
Staff Travel and training		1,468		-
Telephone, fax and Internet		5,252		3,514
Wages and Benefits		71,400		67,535
Total Expenses		**322,828**		**212,394**
Surplus for the Year		**-**		**-**
Accumulated Surplus, Beginning of Year		**-**		**-**
Accumulated Surplus, End of Year	**$**	**-**	**$**	**-**

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

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement III**

Statement of Changes in Net Financial Debts

For The Year Ended March 31, 2023

		2023		2022
Net Financial Assets, Beginning of Year	**$**	**(2,130)**	**$**	**(2,029)**
Items Affecting Net Financial Asset:				
Operating Surplus for the Year		-		-
Acquisition of Prepaid		2,130		(101)
Net Financial Debts, End of Year	**$**	**-**	**$**	**(2,130)**

The accompanying notes and schedules form an integral part of the financial statements

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD **Statement IV**
Statement of Cash Flows
For the Year Ended March 31, 2023

	2023	2022
Cash Provided by (Used in)		
Operating Activities		
Operating surplus for the Year	$ -	$ -
Net change in non-cash working capital balances:		
Decrease (Increase) in accounts receivable	(1,172)	52
Decrease (increase) in prepaid expenses	2,130	(101)
Increase (decrease) in accounts payable	(2,374)	(101,830)
Increase (decrease) in deferred revenue	9,489	105,457
	8,073	3,578
Net increase (decrease) in cash and equivalents	8,073	3,578
Cash and equivalents, beginning of year	185,586	182,008
Cash & Cash Equivalents, End of Year	**193,659**	**185,586**
Cash consists of :		
Cash in bank	15,899	185,586
GIC	177,760	-
	$ 193,659	**$ 185,586**

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

1. Nature of Organization

Northwest Territories Surface Right Board (The "Board") is an institution of public government established pursuant to the Surface Right Board (SRB) Act of the NWT. The purpose of the Board is to fairly resolve matters in dispute regarding access to lands in the NWT and waters overlying those lands in the Mackenzie Valley and the compensation to be paid for that access. These lands include Gwich'in Land Claim Settlement lands, Sahtu land claim settlement lands, Tlicho land claim settlements lands, as well as private, commissioner's and crown lands. It also includes Inuvialuit land claim settlement lands.

The Board is exempt from income taxes under Section 149 of the Income Tax Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS).

2a) 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.

2b) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contributions. The minimum threshold for capitalization of assets is $50,000. Amortization is calculated and recorded on a monthly basis, on a straight line basis in accordance with the asset categories. When a tangible capital asset belongs to a category that offers a range of useful lives, the board shall determine the useful life in a rational and systematic manner, appropriate to the nature and use of the tangible capital assets.

When a tangible capital asset no longer contributes to the Board's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

2c) Revenue 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.

2. Significant Accounting Policies (Cont'd..)

2d) 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.

i) Interest Rate Risk

The Board is exposed to Interest rate risk on its fixed and floating rate financial instruments. Fixed interest financial instruments subject the Board to a fair value riks while the floating rate instruments subject it to cash flow risk. The Board is not subject to significant interest rate risk as it does not have any long term debt or interest bearing liabilities.

ii) Liquidity Risk

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.

iii) 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.

2e) Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

3. New Accounting Standards

On April 1, 2022, the Company adopted public accounting standards on assets retirement obligations - PS 3280. The standard was adopted prospectively from the date of adoption. The new section established standards on how to account for and report a liability for asset retirement obligations (ARO).

The Company also adopted new standard PS 3400 on revenue. This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The effective date to choose the policy is for financial years beginning on or after April 1, 2023. The Company has chose to do the early adoption.

These new standards have no effect on the financial statements.

4. Cash & Cash Equivalents

		2023		2022
Royal Bank Chequing	$	4,603	$	4,718
Royal Bank Savings		11,296		180,869
Royal Bank Cashable GIC		127,475		-
Royal Bank Non-redeemable GIC		50,285		-
	$	**193,659**	**$**	**185,587**

GIC's are for investment purpose, interest rate is per annum and is paid on maturity. Interest are paid at 3.25% for $127,475 and 4% for $50,284.79. These term deposits matured in August 22, 2023 and March 23, 2024 respectively.

5. Accounts Receivable

		2023		2022
Interest Receivable		1,173		-
	$	**1,173**	**$**	**-**

6. Accounts Payable

		2023		2022
Trades payable	$	9,969	$	10,765
Wages and honoraria fee payable		6,138		16,533
Vacation payable		3,226		1,935
WCB payable		240		108
Payroll remittances payable		8,486		1,619
GNWT payroll tax payable		711		183
	$	**28,770**	**$**	**31,143**

7. Deferred Revenue

Pursuant to Contribution Agreement Paragraph 7.3, any unspent amount of the Contribution, or amount repayable in accordance with the Agreement, shall be recorded as a liability in the accounts and records of the Board until the amounts have been spent in accordance with the Agreement or repaid to the GNWT, as applicable. The deferred revenue amount of $51,116 is repayable to GNWT.

		2023		2022
Balance, Beginning of Year	**$**	**156,573**	**$**	**51,116**
Deferred Revenue recognized as revenue during for the year		(156,573)		(51,116)
Deferred revenue for processing applications		166,062		156,573
Balance, End of Year	**$**	**166,062**	**$**	**156,573**

8. 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.

9. 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, 2026.

10. Commitments

The Board is committed to estimated annual payments under rental lease agreement over the next three years as follows.

2024	$28,168
2025	$28,168
2026	$28,168
	$84,504

STATUS OF WOMEN COUNCIL OF THE NWT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

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

Sylvie Loutset

Executive Director

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

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To the members of
Status of Women Council of the NWT

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Status of Women Council of the NWT (the "Council"), which comprise the Statement of Financial Position as at March 31, 2023, and the Statements of Operations, Changes in Fund Balances, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises:
- Annual Report, but does not include the financial statements and our auditor's report thereon

The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

, continued

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

, continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements
As required by the *Financial Administration Act* ("FAA Act") of the Northwest Territories, we report that, in our opinion, the accounting principles in the Canadian public sector accounting standards have been applied.

Further, in our opinion, proper books of account have been kept by the Council and the financial statements are in agreement therewith. In addition, the transactions of the Council have, in all significant respects, been in accordance with the FAA Act and regulations; the *Status of Women Council Act* (the "Act") and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or Act.

Avery Cooper & Co. Ltd.

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

June 27, 2023

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF FINANCIAL POSITION

March 31, 2023

ASSETS

	2023	2022
CURRENT		
Cash	$ 778,277	$ 306,457
Accounts receivable (note 3)	-	58,052
Prepaid expenses	2,000	-
	780,277	364,509
DESIGNATED CASH	81,761	81,751
TANGIBLE CAPITAL ASSETS (note 4)	3,725	5,321
	$ 865,763	$ 451,581

LIABILITIES

	2023	2022
CURRENT		
Trade payables and accruals (note 5)	$ 99,416	$ 120,623
Wages and benefits payable (note 6)	-	66,415
Deferred revenue (note 7)	559,548	48,617
Government remittances payable	5,316	14,443
	664,280	250,098

FUND BALANCES

	2023	2022
UNRESTRICTED SURPLUS (DEFICIT) per page 3	102,220	100,624
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	3,725	5,321
CONTINGENCY FUND per page 3	65,538	65,538
BENEFITS FUND per page 3	30,000	30,000
	201,483	201,483
	$ 865,763	$ 451,581

Approved:

____________________ Chairperson

____________________ Member

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF OPERATIONS

For the year ended March 31, 2023

	2023	2022
REVENUES		
Core - Schedule 1	$ 357,488	$ 598,099
Family Violence Prevention Month - Schedule 2	-	57,600
NGO Stabilization Fund - Schedule 3	-	19,238
Safety Planning - Schedule 4	-	90,000
Economic Abuse - Schedule 5	30,553	81,920
MMIWG Engagement Session - Schedule 6	-	8,500
Trauma and Violence Informed - Schedule 7	38,365	106,635
Workplace Sexual Harassment - Schedule 8	15,033	310,218
	441,439	1,272,210
EXPENSES		
Core - Schedule 1	357,488	499,755
Family Violence Prevention Month - Schedule 2	-	57,600
NGO Stabilization Fund - Schedule 3	-	19,238
Safety Planning - Schedule 4	-	90,000
Economic Abuse - Schedule 5	30,553	81,920
MMIWG Engagement Session - Schedule 6	-	8,500
Trauma and Violence Informed - Schedule 7	38,365	106,635
Workplace Sexual Harassment - Schedule 8	15,033	310,218
	441,439	1,173,866
EXCESS OF REVENUES OVER EXPENSES	$ -	$ 98,344

See accompanying notes and schedules

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2023

2023	Unrestricted Surplus (Deficit)	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
BALANCE, opening	$ 100,624	$ 5,321	$ 65,538	$ 30,000	$ 201,483
Excess of revenues over expenses	-	-	-	-	-
Amortization of tangible capital assets	1,596	(1,596)	-	-	-
BALANCE, closing	$ 102,220	$ 3,725	$ 65,538	$ 30,000	$ 201,483

2022	Unrestricted Surplus (Deficit)	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund	Total
BALANCE, opening	$ 13,806	$ 7,601	$ 51,732	$ 30,000	$ 103,139
Excess of revenues over expenses	98,344	-	-	-	98,344
Transfers	(13,806)	-	13,806	-	-
Amortization of tangible capital assets	2,280	(2,280)	-	-	-
BALANCE, closing	$ 100,624	$ 5,321	$ 65,538	$ 30,000	$ 201,483

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and donations	$ 939,422	$ 1,278,233
Cash paid for materials and services	(288,710)	(617,455)
Cash paid for wages and benefits	(178,882)	(362,500)
INCREASE IN CASH	471,830	298,278
CASH, opening	388,208	89,930
CASH, closing	$ 860,038	$ 388,208
REPRESENTED BY:		
Cash	$ 778,277	$ 306,457
Designated cash	81,761	81,751
	$ 860,038	$ 388,208

See accompanying notes and schedules

1. NATURE OF OPERATIONS

Status of Women Council of the NWT (the "Council") is a government not-for-profit organization of the Government of the Northwest Territories ("GNWT") and was established under the *Status of Women Council Act* of the Northwest Territories dated April 4, 1990.

The objectives of the Council are:

1) to develop public awareness of issues affecting the status of women;
2) to promote a change in attitudes within the community in order that women may enjoy equality;
3) to encourage discussion and expression of opinion by residents of the Northwest Territories on issues affecting the status of women;
4) to advise the Minister on issues that the Minister may refer to the council for consideration;
5) to review policies and legislation affecting women and to report its findings to the relevant government departments or agencies;
6) to provide assistance to the Minister in promoting changes to ensure the attainment of equality of women; and
7) to provide the appropriate assistance to organizations and groups whose objectives promote the equality of women.

The Council may:

1) receive and hear submissions and suggestions from individuals and groups concerning the status of women;
2) research matters relating to the status of women;
3) suggest research areas in relation to matters relating to the status of women that may be studied by any interested persons;
4) recommend and participate in programs concerning the status of women;
5) recommend legislation, policies and practices to improve the equality of opportunity for women and to improve the status of women;
6) publish any reports, studies or recommendations that the Council considers advisable;
7) present reports to the Minister to be laid before the Legislative Assembly;
8) contract and be contracted in the name of the Council; and
9) make bylaws to regulate the affairs of the Council.

The Council is exempt from income tax under subsection 149(1) of the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The Council follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Financial instruments

The Council initially measures its financial assets and liabilities at fair value. The Council subsequently measures its financial assets and financial liabilities at amortized cost.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Council provides for amortization using the declining balance method 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 are as follows:

Computer equipment	30%
Equipment	20%

(d) Employee future benefits

Employees are entitled to severance benefits, as provided under labour contracts and conditions of employment, based on years of service. The benefits are paid upon resignation, lay off or death of employee.

The cost of the severance benefits upon resignation are accrued annually based on a minimum of four years of service, to a payout of 12 weeks maximum. The additional cost of severance benefits paid upon lay off are recorded in the year paid.

(e) Revenue recognition

The Council 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Contributed materials and services

Directors and volunteers volunteer their time to assist in the Council's activities. While these services benefit the Council considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

The GNWT provides the Council with office premises without charge. The estimated value of these rental premises are recognized as expenses with a corresponding credit to revenues to reflect the full cost of the Council's operations in the financial statements.

(g) Allocated expenses

The Council allocates certain general support expenses 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.

(h) 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, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in income in the period in which they become known. Estimates are used when accounting for certain items such as allowance for doubtful accounts, the useful life of tangible capital assets, and employee future benefits.

3. ACCOUNTS RECEIVABLE

	2023	2022
GNWT - Health & Social Services	$ -	$ 14,201
Canada - Justice Partnership and Innovation Program	-	31,022
Canada - Women and Gender Equality (WAGE)	-	12,829
	$ -	$ 58,052

4. TANGIBLE CAPITAL ASSETS

	2023			2022
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 58,081	$ 54,356	$ 3,725	$ 5,321
Equipment	4,870	4,870	-	-
	$ 62,951	$ 59,226	$ 3,725	$ 5,321

5. TRADE PAYABLES AND ACCRUALS

	2023	2022
Trade payables	$ 1,999	$ 90,734
Scotiabank Visa	18,307	9,209
Accrued liabilities	19,550	20,680
Government funds repayable	59,560	-
	$ 99,416	$ 120,623

6. WAGES AND BENEFITS PAYABLE

	2023	2022
Wages payable	$ -	$ 27,959
Severence liability	-	11,372
Vacation and lieu payable	-	27,084
	$ -	$ 66,415

7. DEFERRED REVENUE

Deferred revenue as at March 31, 2023, consists of the following:

	2023	2022
Economic Abuse	$ 129,358	$ -
Gender Equity	2,237	2,237
Workplace Sexual Harassment	236,680	-
Core fund	178,258	-
Trauma and Violence Informed	-	38,365
Wise women	8,015	8,015
Public Awareness	5,000	-
	$ 559,548	$ 48,617

	2023	2022
Deferred revenue, opening	48,617	28,057
Receipts	952,370	175,000
Funding expended	(441,439)	(154,440)
	559,548	48,617

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

8. CONTRACTUAL RIGHTS

As at March 31, 2023, the Council had entered into contribution agreements with the GNWT - Department of Status of Women with the term April 1, 2021 - March 31, 2026, Canada - Justice Partnership and Innovation Program with the term January 6, 2020 - March 31, 2024 and Canada Women and Gender Equity with the term September 20, 2021 to March 31, 2024. The future maximum contributions are as follows:

	GNWT - Department of Status of Women	Canada Justice Partnership and Innovation Program	WAGE Canada	Total
2023-2024	$ 444,000	$ 490,615	$ 103,644	$ 1,038,259
2024-2025	444,000	-	-	444,000
2025-2026	444,000	-	-	444,000
	$ 1,332,000	$ 490,615	$ 103,644	$ 1,926,259

9. ECONOMIC DEPENDENCE

The Council receives the majority of its revenues from various GNWT departments. If the GNWT ceased to fund the Council, this would significantly affect operations.

10. REVENUES BY OBJECT

	2023	2022
Government grants and contributions	$ 349,693	$ 1,085,760
Contributed rent	71,000	71,000
Sponsorship, donations and events	10,650	65,882
Administration fees	10,086	49,562
Interest income	10	6
	$ 441,439	$ 1,272,210

11. COMMITMENT

As at March 31, 2023, the Council has outstanding quarterly commitments of $1,356 with respect to an office equipment lease expiring March 31, 2026 as follows:

2024	$ 5,424
2025	5,424
2026	5,424
	$ 16,272

12. BENEFITS FUND

The Council, under its core contribution agreement, is allowed to create a Maternity and Parental Leave Benefits Fund, using a maximum of $5,000 of unexpended core contribution per year, to a maximum of $30,000. Changes during the year in the Benefits Fund are as follows:

	2023	2022
Benefits Fund	$ 30,000	$ 30,000

The Council maintains designated cash to cover the required fund balance. There is a sufficient balance to cover the fund balance in the current year.

13. CONTINGENCY FUND

The Council created a Contingency Fund to be fiscally responsible in discharging its responsibilities to make payments and to cover any future technology requirements. Changes during the year in the Contingency Fund are as follows:

	2023	2022
Contingency Fund	$ 65,538	$ 51,732
Transfer from unrestricted surplus	-	13,806
Contingency Fund, closing	$ 65,538	$ 65,538

The Council maintains designated cash to cover the required fund balance. There are insufficient funds to cover the balance in the current year.

14. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, marketable securities, accounts receivable, trade payables and accruals, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, market, currency, credit, liquidity, cash flow risks, nor is the Council exposed to significant concentrations of such risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

As March 31, 2023, the Council has a $20,000 (2022 - $20,000) credit card facility with the Bank of Nova Scotia.

15. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all GNWT-created departments, territorial corporations and public agencies. The Council enters into transactions with these entities in the normal course of operations and on normal trade terms applicable to all parties. 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.

	2023	2022
Revenue		
GNWT - Executive & Indigenous Affairs	$ 444,000	$ 481,067
GNWT - Department of Justice	-	54,200
GNWT - Health & Social Services	-	28,400
GNWT - Municipal & Community Affairs	-	19,238
GNWT - Infrastructure (Contributed rent)	71,000	71,000
GNWT - Women's Initiative Grant	5,000	-
	$ 520,000	$ 653,905
Expenses		
GNWT - Infrastructure (Contributed rent)	$ 71,000	$ 71,000
GNWT - Financial Shared Services	1,435	2,347
Northwest Territories Health and Social Services Authority	-	1,250
Dehcho DEC	20,000	-
	$ 92,435	$ 74,597

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.

16. COMPARATIVE FIGURES

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

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF CORE

Schedule 1

	2023	2022
REVENUES		
GNWT - Executive & Indigenous Affairs	$ 265,742	$ 444,000
GNWT - Contributed Rent	71,000	99,567
Grants	-	2,500
Administration Recovery	10,086	49,562
Miscellaneous	10,660	2,470
	357,488	598,099
EXPENSES		
Advertising	11,329	10,304
Amortization	1,596	2,280
Catering	5,026	-
Contributed Rent	71,000	71,000
Equipment Rental	5,955	5,767
Facilitators/Contractors	3,600	1,022
Honoraria	5,750	6,313
Interest & Bank Charges	453	104
Mail Service	1,447	1,916
Meeting Expenses/Conference Fees	-	1,791
Meetings	3,163	957
Professional Development - Staff	372	3,727
Professional/Contract Services	49,458	35,063
Resources/Subscriptions	1,838	1,092
Supplies	1,710	7,865
Technology	6,524	15,822
Community support	66,593	434
Telecommunications	11,176	24,469
Travel	10,881	8,412
Wages & Benefits	99,617	301,417
	357,488	499,755
EXCESS OF REVENUES OVER EXPENSES	$ -	$ 98,344

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF FAMILY VIOLENCE PREVENTION MONTH — Schedule 2

	2023	2022
REVENUES		
GNWT - Justice	$ -	$ 29,200
GNWT - Health & Social Services	-	28,400
	-	57,600
EXPENSES		
Administration	-	3,196
Community Events	-	39,340
FV Resource Package	-	10,199
Marketing & Communications	-	2,170
Postage & printing	-	1,464
YK Event	-	1,231
	-	57,600
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF NGO STABILIZATION FUND **Schedule 3**

	2023	2022
REVENUE		
GNWT - Municipal & Community Affairs	$ -	$ 19,238
EXPENSES		
Professional Fees	-	19,238
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

SCHEDULE OF SAFETY PLANNING

Schedule 4

	2023	2022
REVENUE		
GNWT - Justice	$ -	$ 25,000
De Beers Canada	-	65,000
	-	90,000
EXPENSES		
Professional fees	-	71,623
Marketing & communications	-	7,500
Print/Publication & Distribution	-	10,078
Freight/Transportation	-	799
	-	90,000
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF ECONOMIC ABUSE

Schedule 5

	2023	2022
REVENUE		
Canada - Women and Gender Equity	$ 30,553	$ 81,920
EXPENSES		
Administration	-	2,120
Catering	-	1,500
Professional Fees	29,249	71,200
Project travel	1,304	-
Salaries and benefits	-	7,100
	30,553	81,920
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF MMIWG ENGAGEMENT SESSION — Schedule 6

	2023	2022
REVENUE		
Executive & Indigenous Affairs	$ -	$ 8,500
EXPENSES		
Administration fees	-	1,864
Wages and benefits	-	69
Project travel	-	4,167
Honoraria	-	2,400
	-	8,500
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF TRAUMA AND VIOLENCE INFORMED — Schedule 7

	2023	2022
REVENUE		
Canada - Women and Gender Equity	$ 38,365	$ 106,635
EXPENSES		
Marketing & Communications	5,506	39,145
Materials & Supplies	-	700
Office Equipment	-	280
Print/Publication & Distribution	7,773	9,494
Professional fees	15,000	40,609
Program delivery/costs	-	407
Salaries and Benefits	10,086	16,000
	38,365	106,635
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF WORKPLACE SEXUAL HARASSMENT — Schedule 8

	2023	2022
REVENUE		
Justice Canada	$ 15,033	$ 310,218
EXPENSES		
Accounting & Legal	-	5,105
Administration	-	40,463
Honoraria	-	6,000
Marketing & Communications	769	5,650
Print/Publication & Distribution	-	15,880
Professional Fees	8,100	99,500
Program Delivery	5,492	71,946
Project Travel	672	130
Training	-	2,994
Wages & Benefits	-	62,550
	15,033	310,218
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

SCHEDULE OF EXPENSES BY OBJECT

Schedule 9

	2023	2022
Advertising & Promotion	$ 18,410	$ 84,568
Amortization	1,596	2,280
Administration Fees	897	48,247
Community grants	60,000	-
Computer	6,524	4,516
Community Events	9,088	43,168
Contributed Rent	71,000	71,000
Equipment Rental	5,955	5,627
Freight/ Postage	1,447	2,743
Honoraria	5,750	16,171
Interest and bank charges	380	104
Materials and supplies	6,710	14,502
Office Supplies	1,787	6,541
Print/Publication & Distribution	7,773	36,916
Professional/Contract Services	104,675	338,871
Program delivery costs	5,338	82,633
Telecommunications	11,176	9,414
Travel and Accommodation	12,858	12,709
Staff Training	372	6,720
Wages and Benefits	109,703	387,136
	$ 441,439	$ 1,173,866

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)			
	2022/23 Actuals	2022/23 Revised Estimates	2022/23 Main Estimates	2021/22 Actuals
Authorized Limit	**1,500**	**1,500**	**1,500**	**1,500**
Opening Accounts Receivable	967	967	948	1,231
Advances to Trappers	295	131	838	198
Repayment of Fur Account Loans	(246)	(205)	(699)	(462)
Closing Accounts Receivable	**1,016**	**893**	**1,087**	**967**
Cash	(1,885)			**(2,079)**
Other Asset Accounts	1			**7**
Asset (Liability) Accounts	364			**302**
Clearing Accounts	68			**64**
Closing Balance Fund 12	**(436)**			**(739)**
Authorized limit	**1,500**			**1,500**

The information provided within this working paper addresses all requirements of YE Directive #50 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 11th, 2023.

Hilda Balsillie, A/DFA

May 11, 2023

Marine Transportation Services

(Marine Transportation Services Revolving Fund)

Financial Statements

March 31, 2023

March 31, 2023 **Page**

Management's Responsibility for Financial Reporting

To the Minister of Infrastructure

Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded, and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Marine Transportation Services 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.

Steve Hagerman

Steve Hagerman, Director
Marine Transportation Services Revolving Fund
Hay River, Northwest Territories
June 30, 2023

ASHTON
Chartered Accountants
Business Advisors

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Hay River, NT X0E 1G2
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Email: dqueen@ashtonca.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Marine Transportation Services Revolving Fund

Qualified Opinion

We have audited the financial statements of Marine Transportation Services Revolving Fund (the Fund), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in accumulated surplus (deficit), changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Fund are administrated by the Government of the Northwest Territories and audited as part of the Government of the Northwest Territories' audit. These balances are excluded from the scope of our audit. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenses for the year ended March 31, 2023, and payroll liabilities, employee future benefits, net financial resources, and accumulated surplus (deficit) as at March 31, 2023, as well as the associated note disclosures.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ashton

Hay River, Northwest Territories
June 30, 2023

Ashton Chartered Professional Accountants

Marine Transportation Services **Statement I**

(Marine Transportation Services Revolving Fund)

Statement of Financial Position

March 31,		2023		2022
Financial Assets				
Accounts receivable (note 4)	$	4,251,301	$	1,298,444
Employee future benefits (note 5)		-		9,140
		4,251,301		1,307,584
Liabilities				
Bank indebtedness (note 6)		20,360,103		22,587,906
Accounts payable and accrued liabilities (note 7)		13,040,072		3,974,908
Deferred revenue		167,671		208,417
Employee future benefits (note 5)		3,010		-
Due to Government of Northwest Territories - Revolving fund (note 8)		16,420,515		19,160,103
Due to Government of Northwest Territories - long-term loan (note 9)		10,260,438		10,260,438
Net financial debt		(56,000,508)		(54,884,188)
Non-financial assets				
Tangible capital assets (note 10)		52,167,176		52,062,790
Prepaid expenses and deposits (note 11)		1,463,237		1,362,833
Inventory (note 12)		2,370,095		1,458,565
		56,000,508		54,884,188
Surplus (deficit)	$	-	$	-

Contributed capital (note 13)
Contractual rights (note 14)

Approved:

Director
Marine Transportation Services

Comptroller
Marine Transportation Services

See accompanying notes

Statement of Changes in Net Financial Debt

For the year ended March 31,	2023 Budget	2023 Actual	2022 Actual
Net financial debt, beginning of year	$ (54,884,188)	$ (54,884,188)	$ (51,351,749)
Excess (deficiency) of revenues over expenses	-	-	-
Amortization	2,350,735	2,613,678	2,111,431
Acquisition of inventories	-	(911,530)	(554,922)
Acquisition of prepaid expenses	-	(100,404)	(1,021,579)
Purchase of tangible capital assets	(1,904,150)	(2,718,064)	(4,067,369)
Change in net financial debt	446,585	(1,116,320)	(3,532,439)
Net financial debt, end of year	$ (54,437,603)	$ (56,000,508)	$ (54,884,188)

See accompanying notes

Marine Transportation Services

Statement III

(Marine Transportation Services Revolving Fund)

Statement of Operations

For the year ended March 31,	2023 Budget	2023 Actual	2022 Actual
Revenues			
Cargo delivery revenue	$ 7,946,285	$ 9,374,638	$ 6,663,695
Fuel delivery revenue	9,428,805	12,980,307	9,204,184
Fuel sales	7,700,000	12,456,269	5,951,635
Shipyard services	3,069,200	2,021,934	1,191,246
Charter revenue	700,000	3,601,184	3,464,835
Rental and other revenue	350,863	988,064	376,142
	29,195,153	41,422,396	26,851,737
Expenses (note 15)			
Fuel cost of sales	7,700,000	12,516,848	5,995,238
Maintenance	7,919,709	10,424,521	8,634,100
Marine operations	11,245,016	15,067,507	10,496,395
Shipyard service	560,000	1,451,077	750,661
Terminal operations	2,624,515	3,343,856	3,045,922
General and administrative	3,278,577	3,030,922	3,353,445
	33,327,817	45,834,731	32,275,761
Deficiency of revenue over expenses before other expenses and items	(4,132,664)	(4,412,335)	(5,424,024)
Other expenses			
Amortization	2,350,735	2,613,678	2,111,431
Finance charges (note 16)	1,129,271	1,224,337	1,016,842
	3,480,006	3,838,015	3,128,273
Deficiency of revenue over expenses before other item	(7,612,670)	(8,250,350)	(8,552,297)
Other item			
Grant contributions (note 17)	7,612,670	8,250,350	8,552,297
Excess (deficiency) of revenue over expenses	$ -	$ -	$ -

See accompanying notes

Marine Transportation Services

Statement IV

(Marine Transportation Services Revolving Fund)

Statement of Accumulated Surplus (Deficit)

For the year ended March 31,	2023	2022
Accumulated surplus (deficit), beginning of year	$ -	$ -
Excess (deficiency) of revenue over expenses	-	-
Accumulated surplus (deficit), end of year	$ -	$ -

See accompanying notes

Statement of Cash Flows

For the year ended March 31,	2023	2022
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenses	$ -	$ -
Items not affecting cash		
Amortization	2,613,678	2,111,431
Finance charges	1,224,337	1,016,842
	3,838,015	3,128,273
Changes in non-cash working capital items		
Accounts receivable	(2,952,857)	7,041,869
Accounts payable and accrued liabilities	9,065,164	1,553,827
Deferred revenue	(40,746)	(400,000)
Employee future benefits	12,150	6,172
Inventory	(911,530)	(554,922)
Prepaid expenses and deposits	(100,404)	(1,021,579)
	8,909,792	9,753,640
Financing activities		
Payments to Government of Northwest Territories	(3,963,925)	(11,927,548)
Investing activity		
Purchase of tangible capital assets	(2,718,064)	(4,067,369)
Increase (decrease) in cash	2,227,803	(6,241,277)
Cash (bank indebtedness), beginning of year	(22,587,906)	(16,346,629)
Cash (bank indebtedness), end of year	$ (20,360,103)	$ (22,587,906)

1. **Nature of operations**

Marine Transportation Services Revolving Fund (the Fund) was established on June 2, 2017 after the closure of the Northern Transportation Company Limited (NTCL) in December 2016. The Fund was established with the main purpose of meeting the capital, operating and maintenance requirements of providing marine transportation services for the movement of cargo to communities on Great Slave Lake, the Mackenzie River and throughout the Arctic coastal region.

Under the Government of the Northwest Territories *Revolving Funds Act* (the *"Act"*), the Fund can receive working capital advances from the Consolidated Revenue Fund (CRF) to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities, is $35 million. There is no limit for instances where liabilities may exceed assets. The balance of the Fund is reported as due to or from the Government of the Northwest Territories (the "GNWT") on the statement of financial position.

2. **Significant accounting policies**

The Fund follows Canadian Public Sector Accounting Standards (PSAS) generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Revenue recognition

Revenue is recognized when it is probable that all economic benefits will flow to the Fund and delivery of service has occurred, or when the price is fixed or determinable and when collectability is reasonably assured.

Fuel sales revenue is recognized in the period in which the fuel is delivered to the customer premises. Revenue is recognized on the actual volume of fuel delivered at predetermined rates between the Fund and the customer, and when all discharge documents have been acknowledged and signed by the customer.

Cargo and fuel delivery revenue is recognized in the period when the Fund fulfills delivery requirements and when both fuel and cargo have been delivered at the customer premises and all discharge documents acknowledged and signed by the customer. Both fuel and cargo delivery rates are pre-determined.

Charter revenue is recognized when there is use of the Fund's vessels for a specified period of time under specified conditions at pre-determined prices. Revenue is recognized in the period when the Fund provides the required vessels to the customer as specified in the contract.

Shipyard services revenue is recognized in the period when the Fund performs services for any other customer outside the normal Fund's activities. Revenue is recognized in the period that the Fund completes and delivers such services to the customer.

Grant contribution revenue recognized when the funds are receivable or become receivable under the agreement signed between the Government of Canada, the Government of Northwest Territories and the Fund.

Other revenue is recognized as goods are delivered or services are provided.

2. **Significant accounting policies (continued)**

(b) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:
• receive any goods or services directly in return;
• expect to be repaid in the future; or
• expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(c) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entitles, Government departments.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted If the entitles were dealing at arm's length. The cost allocations are recorded on a gross basis.

(d) 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.

(e) 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 cash, bank indebtedness, 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.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

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.

(f) Cash and bank indebtedness

The Fund maintains an account with the Royal Bank of Canada. All funds received are recorded and banked to this account. All payments made are recorded to this account with exception of payments made directly by the Government of Northwest Territories on behalf of the Fund. Payments made by the Government of Northwest Territories are recorded on the revolving fund loan account with the Government of Northwest Territories. The balance in the financial statements reflects the Funds cash and bank indebtedness by the end of the year.

(g) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(h) Employee future benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

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. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff.

2. **Significant accounting policies (continued)**

(h) **Employee future benefits (continued)**

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 (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(i) **Related parties**

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 (e).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies.

The Fund enters into transactions with these entities in the normal course of business at the specified market rates for services with the exception of Fuel Services Division (FSD) which is the part of the Department of Infrastructure. FSD is charged for fuel deliveries made by the Fund at non-market rates prepared by the Fund's management and communicated to FSD management.

Departments
- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs
- Legislative Assembly

Boards and Agencies
- Arctic Energy Alliance
- Aurora College
- Education Authorities
- Health and Social Services Authority
- Inuvialuit Water Board
- Northwest Territories Heritage Fund
- Northwest Territories Power Corporation

2. **Significant accounting policies (continued)**

(i) **Related parties (continued)**

Boards and Agencies (continued)

NWT Business Development & Investment Corporation
NWT Environmental Studies Research Fund
NWT Housing Corporation
NWT Human Rights Commission
NWT Liquor and Cannabis Commission
NWT Liquor Licensing Board
NWT Surface Rights Board
Stanton Foundation
Status of Women Council of the NWT
Tlicho Community Services Agency
Workers' Safety and Compensation Commission

(j) **Tangible capital assets**

Tangible capital assets are accounted for at cost. Amortization is based on their useful life using the straight line methods.

Machinery and equipment	15 years Straight-line
Vessels and barges	12.5 and 55 years Straight-line

Self-constructed assets: cost includes expenditure on materials, direct labour and allocated proportion of project overheads. Any gain or loss on disposal or retirement of a tangible asset is determined as the difference between proceeds from disposal and the carrying amount of the asset and is recognised in net surplus or deficit.

Major overhauls and inspections costs are capitalized and amortized over the remaining useful life of the asset. Maintenance and repair costs that do not improve productivity or extend the useful life of the assets are expensed in the period incurred.

Useful life for marine assets is determined using industry standards and professional judgment. The used assets are amortized over 12.5 years, barges acquired after 2016 are amortized over 55 years. Additions to existing assets are amortized over the remaining useful life of the assets.

(k) **Capital work in progress**

Capital work in progress represents capital projects under construction but not completed and are valued at cost. Capital work in progress is accumulated until ready to use.

Amortization is recorded when the asset has been put to use.

2. **Significant accounting policies (continued)**

(l) 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. The Fund recognises liability for remediation of contaminated sites when the following criteria have been met:

a) an environment standard exists;
b) contamination exceeds the environment standard;
c) the Fund is directly responsible or accepts responsibility;
d) it is expected that the future benefits will be given up;
e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and reduced by the expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognised is accounted for in the period revisions are made.

Government of Northwest Territories contaminated sites division of the Department of Environment and Natural Resources completed an assessment through a contractor. As of March 31, 2023, there was no liability related to contaminated sites.

(m) Budget

Budget figures are not audited and intended for information purposes only.

(n) Services provided by the Government of the Northwest Territories

The Fund does not record the following services provided without charge by the Government of Northwest Territories: the procurement of goods and services, administration of insurance and risk management, the processing of payroll, legal counsel, record storage and computer operations and internal audit services, as it is difficult to estimate them.

3. **Future changes to significant accounting policies**

Revenue, Section PS 3400

This section is effective for fiscal periods beginning on or after April 1, 2023. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The impact of the transition to this accounting standard, if any, has not yet been determined.

4. Accounts receivable

		2023		2022
Customer receivable	$	**392,277**	$	566,859
Government of Canada				
Transport Canada		**2,080,982**		975,000
Fisheries and Oceans		**1,292,527**		1,234
Federal excise tax		**-**		52,612
Government of Northwest Territories				
Northwest Territories Energy Corporation		**638,409**		-
Northwest Territories Power Corporation		**412**		-
		4,404,607		1,595,705
Less: Allowance for doubtful accounts		**153,306**		297,261
	$	**4,251,301**	$	1,298,444

5. Employee future benefits

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

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

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. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2023. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Marine Transportation Services Revolving Fund.

5. Employee future benefits (continued)

		2023		2022
Accrued benefit obligation, beginning of year	$	**85,478**	$	55,778
Benefits earned		**4,332**		4,608
Interest		**3,384**		1,797
Benefit paid		**(8,805)**		(4,106)
Actuarial (gain) loss		**(8,843)**		33,513
Plan amendment		**-**		(6,112)
Accrued benefit obligation, end of year		**75,546**		85,478
Unamortized net actuarial loss		**(72,536)**		(94,618)
Employee future benefit liability (asset), end of year	$	**3,010**	$	(9,140)

		2023		2022
Benefits Expense				
Current service cost		**4,332**		4,608
Interest cost		**3,384**		1,797
Amortization of net actuarial loss		**13,239**		9,985
Plan amendment		**-**		(6,112)
	$	**20,955**	$	10,278

The discount rate used in the 2023 fiscal year to determine the accrued benefit obligation was an average of 4.8% (2022 - 4.1%).

The expected contributions during the next five fiscal years are as follows:

		Total
2024	$	8,383
2025		11,221
2026		9,704
2027		10,514
2028		14,050
Total	$	**53,872**

6. Bank indebtedness

The Funds bank account is one of numerous Government of Northwest Territories accounts included in a consolidated balance arrangement with the Royal Bank of Canada. There are no fixed repayment terms and the overdraft limits are negotiated based on the forecasted cash flows and borrowing requirements of the Government of Northwest Territories. The Government of Northwest Territories does not pay out or recover interest from the Fund.

7. Accounts payable and accrued liabilities

	2023	2022
Trade accounts payable and accrued liabilities	$ 12,685,287	$ 3,799,855
Government of Canada		
Goods and service tax	77,636	94,079
Federal excise tax	58,054	-
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	207,094	52,815
Northwest Territories Power Corporation	6,358	-
Department of Infrastructure	5,643	-
Department of Finance - Carbon tax	-	15,440
Department of Finance - Petroleum tax	-	12,719
	$ 13,040,072	$ 3,974,908

8. Due to Government of Northwest Territories – Revolving fund

As per the *Revolving Fund Act* (the "*Act*") there shall be an authorized fund to meet the capital, operating and maintenance requirements of the Fund. The Due to Government of Northwest Territories - Revolving fund has no specific term of repayment and bears interest at the Bank of Canada prime rate per annum plus 0.35%. During the year the Government of Northwest Territories charged financing charges of $1,095,066 (2022 - $867,368).

9. Due to Government of Northwest Territories – long-term loan

The GNWT purchased assets from NTCL at a cost of $11,300,000 in 2017. The assets comprised tangible capital assets worth $10,656,509 and controllable assets worth $643,491. A repayment plan was prepared based on the loan amount of $11,300,000. Long-term loan bears interest at an interest rate of 1.84% per annum. During the year the GNWT charged financing charges of $129,271 (2022 - $149,474).

Fund made $nil (2022 - $nil) payment against the Government of Northwest Territories long-term loan.

9. Due to Government of Northwest Territories – long-term loan (continued)

	2023	2022
Government of Northwest Territories long-term loan, due in December 2027	$ 10,260,438	$ 10,260,438

Estimated principal repayments are as follows:	
2024	$ 5,491,865
2025	1,159,740
2026	1,181,079
2027	1,202,811
2028	1,224,943
	$ 10,260,438

10. Tangible capital assets

For the year ended March 31,	Land	Vessels and barges	Machinery and equipment	Capital work in progress	2023 Total	2022 Total
Cost						
Balance, beginning of the year	$ 2,212,843	$ 47,524,210	$ 1,493,498	$ 6,352,010	$ 57,582,561	$ 53,515,192
Addition during the year	-	1,918,611	236,307	2,718,066	4,872,984	8,778,760
Capitalized from capital work in progress	-	-	-	(2,154,918)	(2,154,918)	(4,711,391)
Balance, end of year	2,212,843	49,442,821	1,729,805	6,915,158	60,300,627	57,582,561
Accumulated amortization						
Balance, beginning of the year	-	5,195,693	324,078	-	5,519,771	3,408,340
Annual amortization	-	2,502,306	111,374	-	2,613,680	2,111,431
Balance, end of year	-	7,697,999	435,452	-	8,133,451	5,519,771
Net book value	$ 2,212,843	$ 41,744,822	$ 1,294,353	$ 6,915,158	$ 52,167,176	$ 52,062,790

11. Prepaid expenses and deposits

	2023	2022
Insurance	$ 262,873	$ 299,854
Other	1,200,364	1,062,979
	$ 1,463,237	$ 1,362,833

Prepaid expenses other includes $1,018,589 (2022 - $955,968) in costs related to cargo deliveries in transit that will be completed next fiscal year.

12. Inventory

		2023		2022
Fuel	$	**1,995,148**	$	1,088,191
Parts and supplies		**374,947**		370,374
	$	**2,370,095**	$	1,458,565

13. Contributed capital

The Fund recognized grant contribution from the Government of Northwest Territories for the operating losses charged to an appropriation at the end of each fiscal year as specified in *Financial Administration Act* in Section 104(c). As of March 31, 2023 the Government of Northwest Territories made accumulated contributions of $19,631,318 (2022 - $15,359,515).

14. Contractual rights

The Fund had a contract since August 27, 2019 for the use of the Nahidik II vessel for the duration of twenty (20) years with the estimated price of $400,000 per year for the first ten years and $500,000 per year for the next ten years.

The expected revenue over the next five fiscal years are as follows:

		Total
2024	$	400,000
2025		400,000
2026		400,000
2027		400,000
2028		400,000
Subsequent years		5,568,767
	$	**7,568,767**

15. Expenses

	Fuel cost of sales	Maintenance	Marine operations	Shipyard service	Terminal operations	General and administrative	2023 Actual
Wages and benefits	$ -	$ 7,255,559	$ 8,418,156	$ -	$ 1,880,772	$ 1,679,129	$ **19,233,616**
Fuel cost of sales	12,516,848	-	-	-	-	-	**12,516,848**
Insurance	-	226,975	1,152,377	-	247,268	-	**1,626,620**
Fuel consumption	-	246,852	1,665,322	-	266,617	-	**2,178,791**
Shipyard service cost of sales	-	-	-	1,451,077	-	-	**1,451,077**
Other	-	2,695,135	3,831,652	-	949,199	1,351,793	**8,827,779**
	$ 12,516,848	**$ 10,424,521**	**$ 15,067,507**	**$ 1,451,077**	**$ 3,343,856**	**$ 3,030,922**	**$ 45,834,731**

16. Financing charges

	2023	2022
Interest on revolving fund - due to Government of Northwest Territories	$ **1,095,066**	$ 867,368
Interest on long-term loan - due to Government of Northwest Territories	**129,271**	149,474
	$ **1,224,337**	$ 1,016,842

17. Grant contributions

	2023	2022
Government of Canada		
Transport Canada - Ocean Protection Fund 75% of doubled hulled barges	$ **1,105,981**	$ -
Low Carbon Economy Leadership Fund - capital expenditure for the refit of the Jock McNiven vessel	-	784,227
Government of Northwest Territories - Department of Infrastructure		
Operating losses	**4,271,803**	6,751,228
Airlift recovery	**1,648,229**	-
Finance charges	**1,224,337**	1,016,842
	$ **8,250,350**	$ 8,552,297

18. Related party transactions

During the year the Fund incurred the following transactions with the related parties:

	2023	2022
Revenue		
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	$ 8,068,218	$ 5,667,346
Northwest Territories Energy Corporation	2,220,197	-
Northwest Territories Power Corporation	347,660	147,184
Department of Environmental and Natural Resources	108,678	144,293
NWT Housing Corporation	54,645	26,089
Department of Infrastructure	25,433	10,723
Beaufort Delta Divisional Education Council	23,265	3,683
Northwest Territories Health and Social Services Authorities	8,405	5,401
Sahtu Divisional Education Council	5,234	700
Department of Infrastructure - Yellowknife Airport Revolving Fund	972	-
Ulukhaktok Housing Association	692	-
Sahtu Divisional Board of Education	539	-
Department of Industry, Tourism and Investment	173	266
Ft Good Hope Renewable Resources Corp	-	1,494
	$ 10,864,111	$ 6,007,179
Expenses		
Government of Northwest Territories		
Department of Finance	$ 281,371	$ 263,893
Department of Infrastructure - Fuel Services Division	219,158	84,852
Department of Infrastructure	104,909	67,875
Northwest Territories Power Corporation	67,305	56,429
	$ 672,743	$ 473,049

Accounts receivable from related parties are disclosed in note 4.
Accounts payable and accrued liabilities to related parties are disclosed in note 7.
Finance charges are disclosed in note 16.
Grant contributions are disclosed in note 17.

19. 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.

(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 accounts receivable for a total of $4,251,301 (2022 - $1,298,444). At March 31, 2023, the Fund's management has determined that $153,306 (2022 - $297,261) accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

	0 to 30 Days	31 to 60 Days	61 to 90 Days	+ 90 Days	TOTAL
Accounts receivable	$ 2,890,825	$ 374,431	$ -	$ 1,139,351	**$ 4,404,607**
Allowance for doubtful accounts	-	-	-	(153,306)	**(153,306)**
	$ 2,890,825	$ 374,431	$ -	$ 986,045	**$ 4,251,301**

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, 2023, receivables from three customers comprised 97% (2022 – 90%) of the total outstanding accounts receivables. The risk is considered low since these receivables are from customers who are considered creditworthy by the Fund management. 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.

19. 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 and utilizing the overdraft availability on the Funds bank account to cover unexpected cash outflow should they arise.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of $60,081,128 (2022 - $55,983,355). Financial liabilities consist of bank indebtedness, accounts payable and accrued liabilities, employee future benefits, due to the Government of Northwest Territories - Revolving fund and due to the Government of the Northwest Territories – long-term loan. All financial liabilities with the exception of the amounts due to the Government of Northwest Territories 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) Interest rate risk

The Fund is exposed to interest rate risk. Interest rate risk is the risk that the Fund has interest rate exposure on its due to the Government of Northwest Territories – Revolving fund liability, which is variable based on the Bank of Canada prime rate. This exposure may have an effect on its earnings in future periods. The Fund reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. The Fund does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the Fund low and is not material.

(d) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates.

There have been no significant changes from the previous year in the exposure to risk.

20. Comparative figures

Where necessary, comparative figures have been adjusted to conform with current year presentation.

69th Annual Report

2022– 2023

NORTHWEST TERRITORIES
LIQUOR AND
CANNABIS
COMMISSION

Photo credit:
JCVossler

NORTHWEST TERRITORIES LIQUOR AND CANNABIS COMMISSION

The Honourable Caroline Wawzonek

NWT Liquor & Cannabis Commission

Pursuant to Subsection 64 (1) of the Liquor Act, we are pleased to submit the sixty-ninth Annual Report of the Northwest Territories Liquor & Cannabis Commission for the fiscal year ending March 31, 2023.

We wish to express our thanks to our staff for all their support and contributions to the progress of the Commission during the year.

____
Jodi Cook-Vossler
Acting Director, Liquor & Cannabis Operations
NWT Liquor & Cannabis Commission

____
Terence Courtoreille
A/Deputy Minister
Department of Finance

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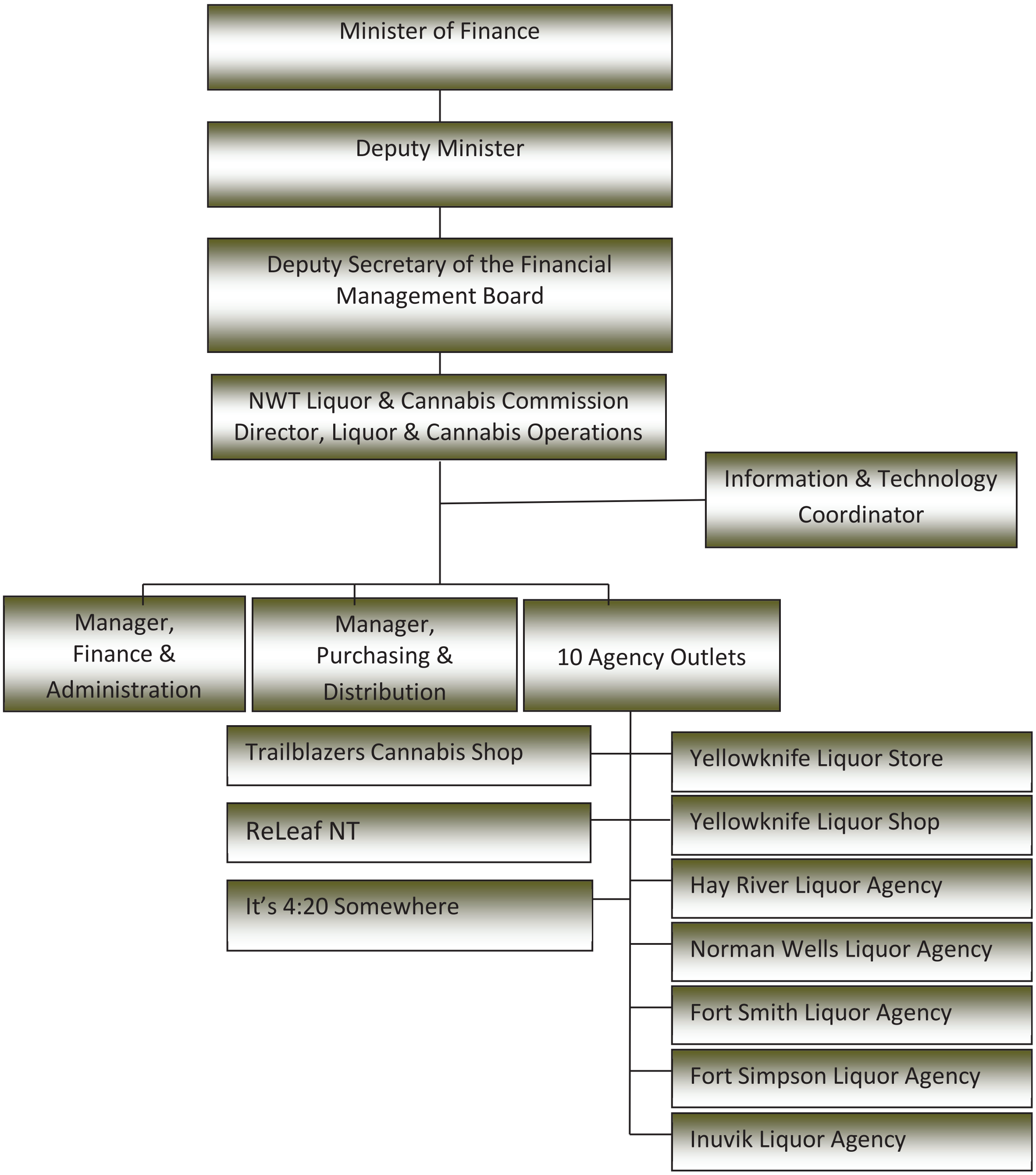
Organization Chart



Northwest Territories Liquor & Cannabis Commission

Suite 201 – 31 Capital Drive
Hay River, NT X0E 1G2
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Report on Liquor

NORTHWEST TERRITORIES LIQUOR AND CANNABIS COMMISSION

Director of Liquor & Cannabis Operations' Report

The Northwest Territories Liquor & Cannabis Commission (NTLCC) is established under the *Liquor Act*. The *Liquor Act* and the *Cannabis Products Act* of the Northwest Territories authorizes the NTLCC to purchase, sell, classify, and distribute liquor and cannabis in the Northwest Territories.

The 2022-2023 fiscal year showed an 2.45% sales decrease over the prior fiscal year at $54 million in liquor sales. The overall volume of liquor sold, in litres, decreased by 3.05% over 2021-2022. Subsequently, the annual surplus for liquor was 4.23% below budget targets.

Cannabis sales increased over 2021-22 by 1.6%, at $7.6 million in cannabis sales. Product selection and supply continue to improve across Canada.

Combined sales for liquor and cannabis products of $62 million provided for a total $26 million dividend payment to the Government of the Northwest Territories.

Sale and distribution of liquor is carried out through a network consisting of seven retail outlets, which are contracted to private sector operators. Three of the seven retail outlets also sell cannabis. There is one private cannabis store in Hay River and two in Yellowknife; one which also operates as an online store, providing the only legal online cannabis sales to residents of the NWT.

The strategic plan of the Commission for Liquor and Cannabis focuses on three key areas for measuring performance:

1. Efficient operation, and compliance with legislation, regulation, and policy
2. Social Responsibility
3. Financial Income Targets

These areas serve as a guideline for incorporating our mission statement into day-to-day activities. The success of the organization should not be measured in financial performance alone, and the responsibility of the Commission includes ensuring performance as a responsible industry partner, and as a socially responsible member of society. The Commission was successful in meeting the goals established in the strategic plan.

The NTLCC and our private retailers continued with health & safety measures required by the Covid-19 Public Health Orders, ensuring the safety of staff and customers.
Now that restrictions have been lifted, we are seeing our sales figures more in line with numbers and targets prior to the unprecedented growth that occurred throughout Covid.

I would like to thank our staff, agents, customers, and partners for a safe and successful year.

Jodi Cook-Vossler
Acting Director, Liquor & Cannabis Operations

NWT Liquor and Cannabis Commission, 201-31 Capital Drive, Hay River, NT X0E 1G2
Phone: (867) 874-8700 Fax: (867) 874-8720

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.

Operations

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2022–2023 we:

- Delivered a wide variety of quality beverage alcohol products through our network of stores.
- Promoted safe and responsible use of beverage alcohol.

Strategic Objectives

Goal #1 – Management & Compliance

Operations are managed efficiently and comply with legislation, regulation, and policy.

Performance Highlights

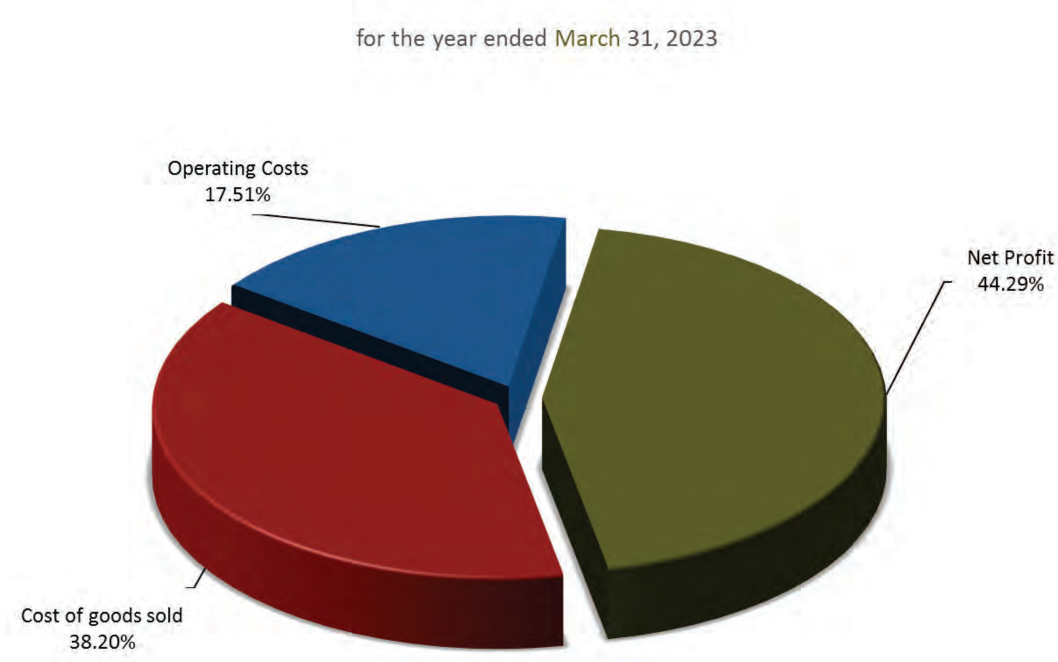
The operational structure of the NTLCC is designed to deliver optimal service levels for the best possible costs and consists of a headquarters administrative staff of ten and a network of seven stores - operated by private contractors.

All seven of the private agency stores operate with inventory on consignment from the Commission. Sales to consumers and licensees are incurred through sales by the consignment stores.

Operational compliance with contracts, regulation and legislation by the store operators was maintained throughout the year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.

Application of Revenues

The cost to deliver the sales and administration throughout the year was 17.51% of sales revenue, of which 11.97% was paid to liquor store contractors in Commissions.



Goal #2 – Social Responsibility

Actively and continuously promote the responsible use of alcohol.

Performance Highlights

Liquor server training is mandatory in all NWT liquor stores. All liquor store service personnel must successfully complete the NTLCC liquor store training program and demonstrate competence in the service of beverage alcohol.

Social Responsibility, cont.

The Check 25 program is intended to strengthen controls 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 NTLCC applies warning labels to beverage alcohol containers. The labels warn of the Dangers of Alcohol Consumption during pregnancy, and while driving.

Reusable bags are provided in our liquor stores as an alternative to single use paper or plastic bags.

The NTLCC participates with the Canadian Association of Liquor Jurisdictions (CALJ) Social Responsibility Committee in support of socially responsible liquor retailing on a nationwide basis. NTLCC works with other jurisdictions to monitor trends, work collaboratively, facilitate cross-jurisdictional activities where opportunities exist for efficiency/effectiveness, share campaign initiatives, exchange information, present best practices and discuss themes or trends emerging in the field.

We continue to promote awareness that drinking and driving extends to the use of recreational vehicles, through our Choose to be Unimpaired posters.

Social Responsibility, cont.

The NTLCC promotes increased awareness of Canada's Low-Risk Drinking Guidelines, in all Stores through making available pamphlets and displaying posters as provided by the Canadian Centre on Substance Use and Addictions.

The NWT Liquor & Cannabis Commission, in partnership with the Foster Family Coalition, Mom's Boobs & Babies, and the Government of the NWT launched the joint FASD Awareness Campaign.

We provided the posters to communities to display in Liquor Stores, Licensees (who agreed to participate), Recreational Centres, Community Offices, and any other location that would have an impact on residents.

The NTLCC assists with annual sponsoring of the Foster Family Coalition of the NWT FASD Awareness Day activities on Sept 9.

The NTLCC continued their "*Moderation is always in Good Taste! – Drink Responsibly"* campaign with My True North Now radio station during 2022-23.

Goal #3 – Financial Targets

Meet financial income targets.

Performance Highlights

The end of Covid 19 restrictions in the NWT and opening of the border contributed to a decline in sales volumes in overall litres for the first time in three years. Overall litre sales were down (3.05%). An increase in operating expenses has also contributed to lower surplus. The NTLCC annual surplus was (6.80%) below the previous fiscal year and fell short of the budgeted target by (4.23%). These numbers are more in line with sales numbers and targets prior to the unprecedented growth that occurred throughout Covid.

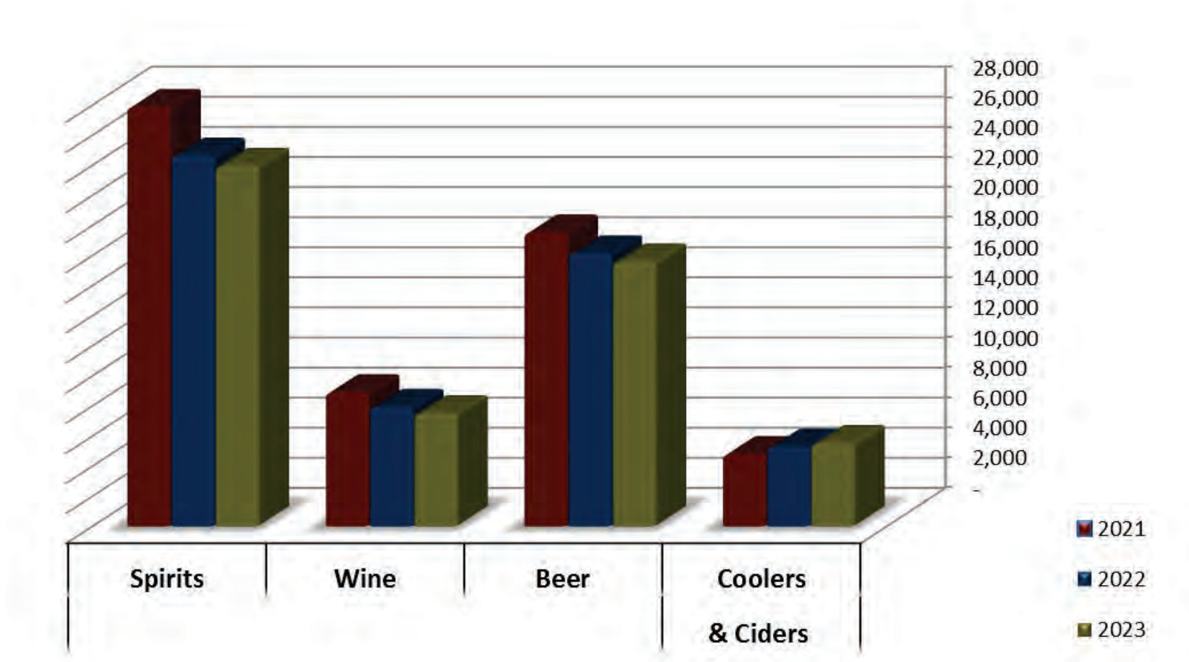
Five Year Performance History

for the year ending March 31
(000's)

	2023	2022	2021	2020	2019
Gross Sales	54,374	55,741	60,865	52,508	52,822
Gross Profit	33,594	34,892	38,638	33,310	33,482
as a % of sales	61.8%	62.6%	63.5%	63.4%	63.4%
Other Income	15	6	19	28	7
Net Surplus	23,972	25,721	29,338	24,652	24,924
as a % of sales	44.1%	46.1%	48.2%	47.5%	47.2%
Operating Expenses	9,637	9,177	9,319	8,686	8,565
as a % of sales	17.7%	16.5%	15.3%	16.5%	16.2%

Three Year Dollar Sales by Category

Gross Dollar Sales had an over-all decrease of (2.45%) from 2022; with decreases in the Spirits (2.73%), Wine (5.36%), Beer (2.94%) and an increase in Coolers & Ciders 4.95%.



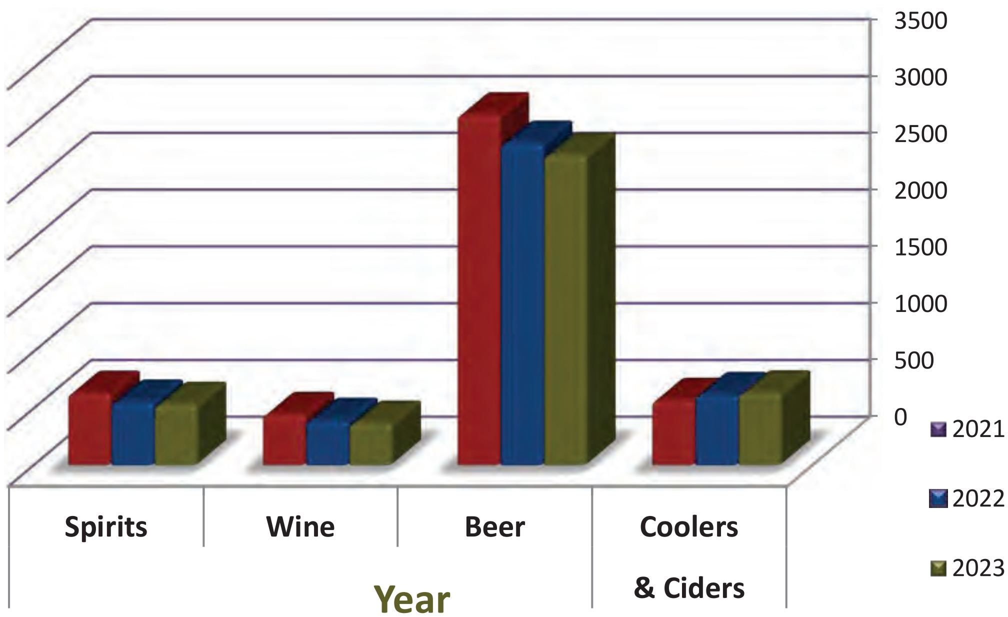
Three Year Dollar Sales by Category

for the year ending March 31
(000's)

	Spirits	Wine	Beer	& Ciders Coolers	Total
2021	27,814	8,848	19,467	4,736	60,865
2022	24,575	7,875	18,078	5,213	55,741
2023	23,904	7,453	17,546	5,471	54,374

Three Year Litre Sales by Category

Litre Sales had an overall decrease of (3.05%) from 2022. There was a decline in Spirits (3.68%), Wine (6.54%), Beer (3.65%) and growth in Coolers & Ciders of 2.46%.



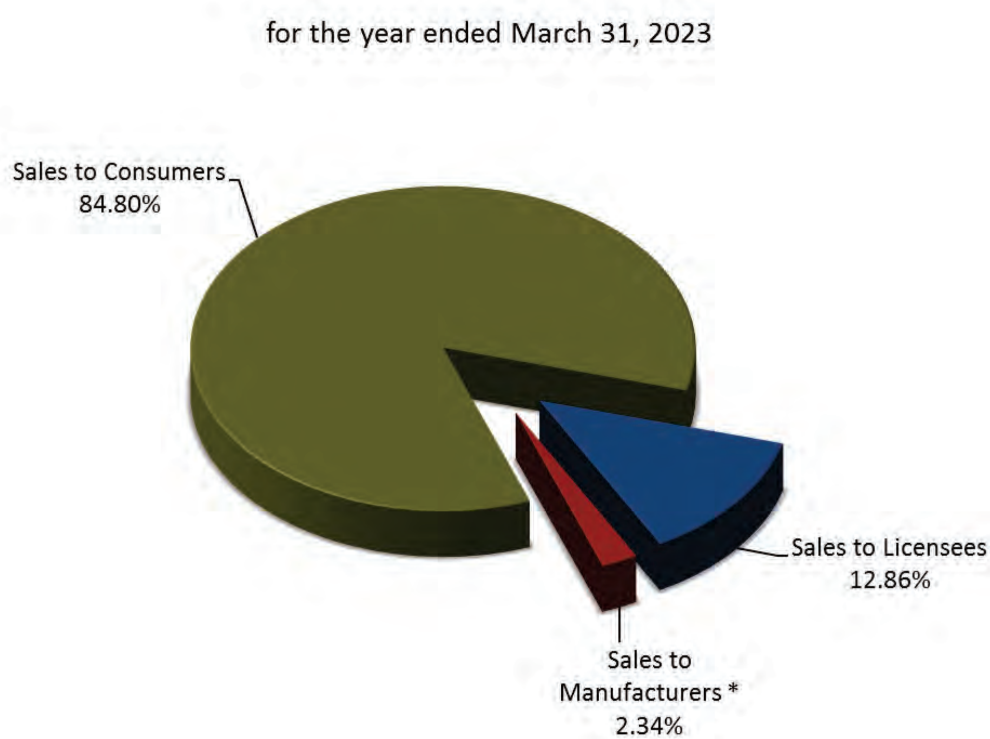
Three Year Litre Sales by Category

for the year ending March 31
(000's)

	Spirits	Wine	Beer	Coolers & Ciders	Total
2021	620	435	3,074	558	4,687
2022	543	382	2,823	609	4,357
2023	523	357	2,720	624	4,224

Litre Sales by Distribution Channel

Litre Sales by Distribution decreased over 2022. There was a decrease in Consumer Sales of (5.79%), and increases in both Manufacturer Sales 15.78%, and Licensee Sales 13.79%.



* 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.

Three Year Litre Sales by Distribution Channel

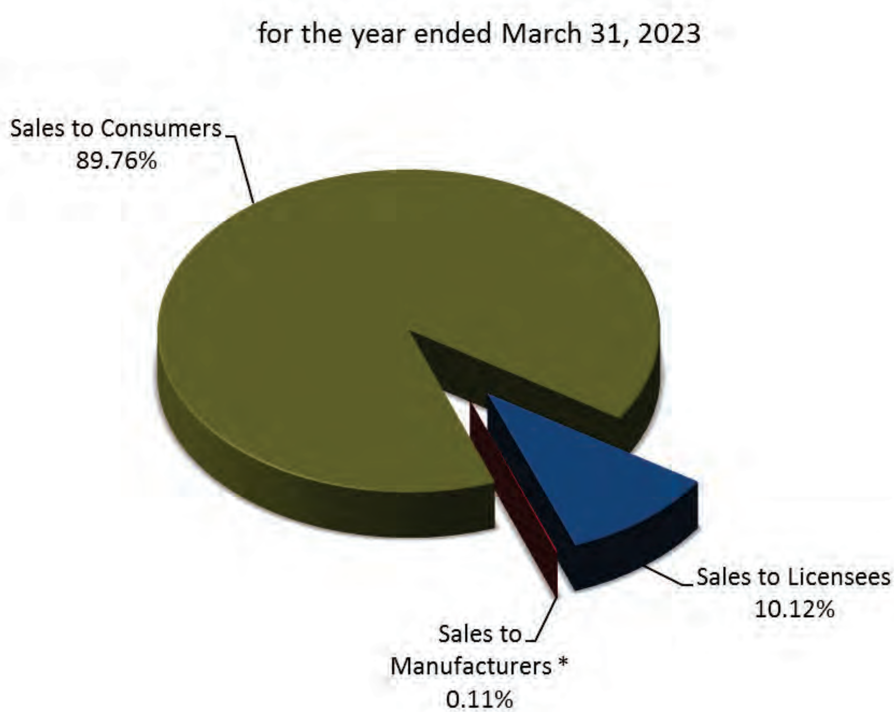
for the year ending March 31
(000's)

	2023	2022	2021
Sales to Consumers	3,582	3,802	4,174
Sales to Licensees	543	469	419
Sales to Manufacturers *	99	87	93
Total	4,224	4,358	4,686

Dollar Sales by Distribution Channel

Gross Dollar Sales by Distribution decreased from 2022. Consumer Sales decreased (4.39%), while Licensee Sales increased 18.77% and Manufacturer Sales increased 6.90%.

The increase in both Licensee Sales and Manufacturer Sales is in part due to the reopening of licensee establishments following a couple years of closures and restrictions due to Covid-19.



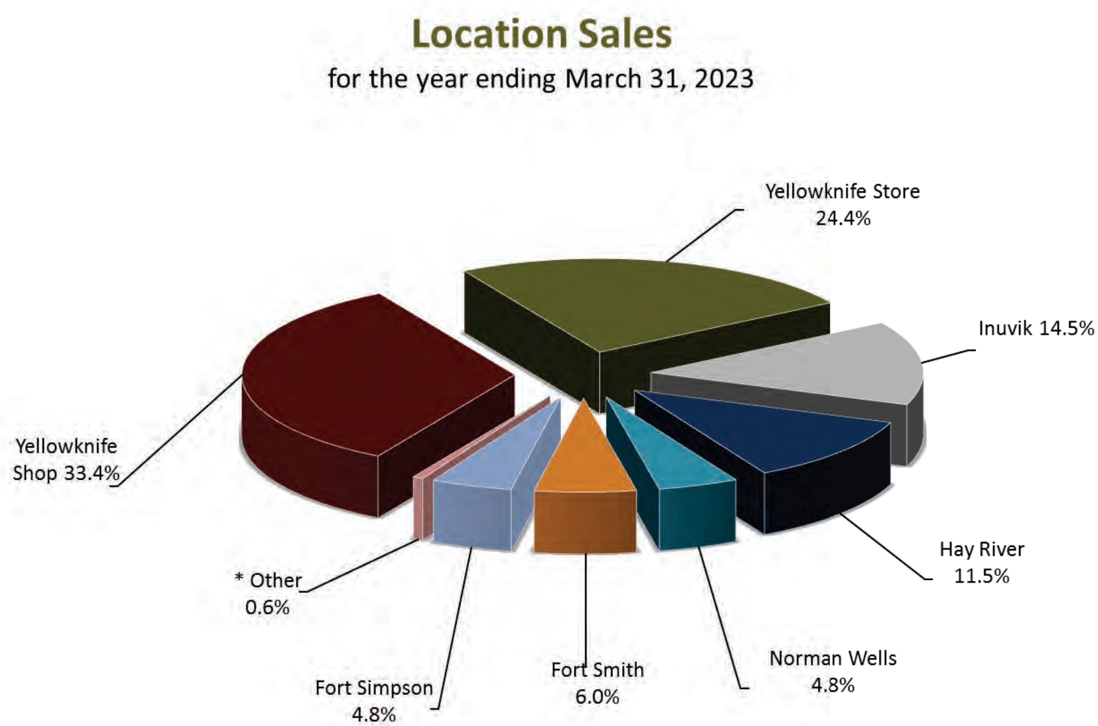
* Manufacturer's license markup; per the Liquor Regulations (4.1) A licence holder referred to in paragraph (4)(a) or (b) who sells liquor directly to patrons in the Northwest Territories is deemed to have first sold the liquor to the Commission and purchased it back from the Commission.

Three Year Dollar Sales by Distribution Channel

for the year ending March 31
(000's)

	2023	2022	2021
Sales to Consumers	48,807	51,048	56,106
Sales to Licensees	5,505	4,635	4,697
Sales to Manufacturers *	62	58	62
Total	54,374	55,741	60,865

Store Operations



Sales by Location

for the year ending March 31
(000's)

	2023	2022	2021	2020	Increase (Decrease)
Yellowknife Shop	18,157	17,864	18,951		293
Yellowknife Store	13,262	13,444	15,724	12,727	(182)
Inuvik	7,876	8,145	8,420	7,395	(269)
Hay River	6,272	7,217	8,057	6,362	(945)
Norman Wells	2,588	2,417	2,755	2,704	171
Fort Smith	3,264	3,304	3,477	3,087	(40)
Fort Simpson	2,616	3,036	3,177	2,381	(420)
* Other	339	314	304	265	25
Total	54,374	55,741	60,865	34,921	(1,367)

Statement of Operations by Location

(for the year ended March 31, 2023 with comparative figures for 2022)
(revenue and expenses directly related to sales per location)

Yellowknife Shop

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	6,204	2,399	4,645	1,722	14,970	15,829
Licensees	849	562	1,513	264	3,188	2,035
	7,053	2,961	6,158	1,986	18,158	17,864
Cost of goods sold	2,336	1,472	2,698	864	7,370	7,064
Gross margin	4,717	1,489	3,460	1,122	10,788	10,800
Other income					-	-
Operating expenses					2,810	2,505
Net income					7,978	8,295

Yellowknife Store

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	6,503	2,499	3,273	987	13,262	15,724
Licensees	-	-	-	-	-	-
	6,503	2,499	3,273	987	13,262	15,724
Cost of goods sold	2,016	1,144	1,459	428	5,047	5,756
Gross margin	4,487	1,355	1,814	559	8,215	9,968
Other income					-	-
Operating expenses					1,283	1,574
Net income					6,932	8,394

Statement of Operations by Location, Cont.

(for the year ended March 31, 2023 with comparative figures for 2022)
(revenue and expenses directly related to sales per location)

Inuvik Operations

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	3,689	580	2,230	880	7,379	8,037
Licensees	107	17	311	62	497	380
	3,796	597	2,541	942	7,876	8,145
Cost of goods sold	1,156	265	1,087	415	2,923	2,981
Gross margin	2,640	332	1,454	527	4,953	5,165
Other income					-	-
Operating expenses					946	961
Net income					4,007	4,204

Hay River Operations

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	1,943	555	1,886	543	4,927	6,584
Licensees	622	27	637	59	1,345	1,164
	2,565	582	2,523	602	6,272	7,217
Cost of goods sold	777	247	1,027	259	2,310	2,619
Gross margin	1,788	335	1,496	343	3,962	4,786
Other income					-	-
Operating expenses					1,003	1,053
Net income					2,959	3,733

Statement of Operations by Location, Cont.

(for the year ended March 31, 2023 with comparative figures for 2022)
(revenue and expenses directly related to sales per location)

Norman Wells Operations

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	1,310	153	824	190	2,477	2,410
Licensees	25	10	65	11	111	48
	1,335	163	889	201	2,588	2,417
Cost of goods sold	388	74	367	93	922	857
Gross margin	947	89	522	108	1,666	1,560
Other income					-	-
Operating expenses					660	594
Net income					1,006	966

Fort Smith Operations

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	1,139	305	1,213	429	3,086	3,189
Licensees	60	4	92	22	178	114
	1,199	309	1,305	451	3,264	3,304
Cost of goods sold	373	135	509	188	1,205	1,199
Gross margin	826	174	796	263	2,059	2,197
Other income					-	-
Operating expenses					663	630
Net income					1,396	1,567

Statement of Operations by Location, Cont.

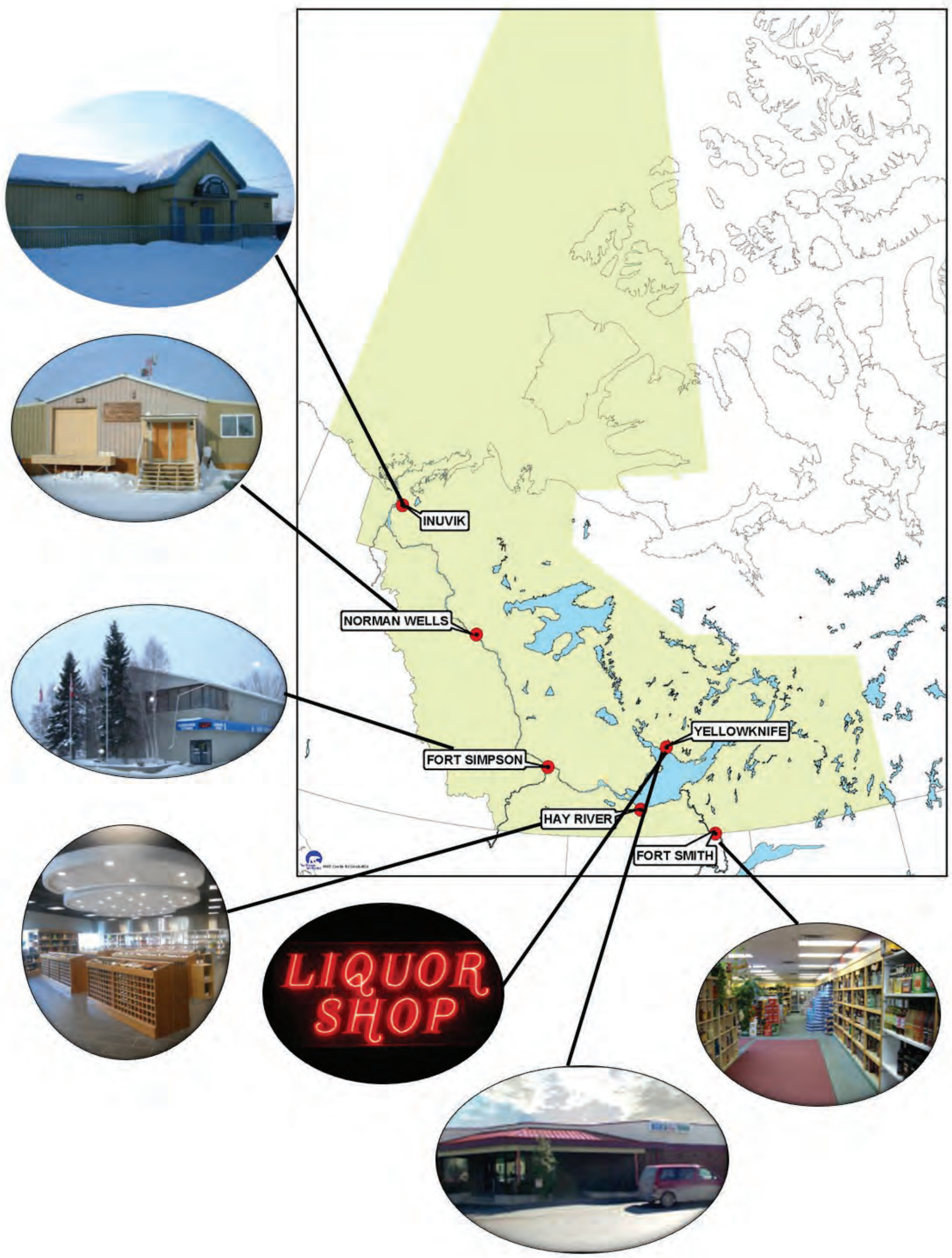
(for the year ended March 31, 2023 with comparative figures for 2022)
(revenue and expenses directly related to sales per location)

Fort Simpson Operations

($000's)

	Spirits	Wine	Beer	Coolers	2023 Total	2022 Total
Sales						
Consumers	1,360	150	644	276	2,430	2,875
Licensees	60	4	100	22	186	161
	1,420	154	744	298	2,616	3,036
Cost of goods sold	400	65	277	125	867	953
Gross margin	1,020	89	467	173	1,749	2,083
Other income					-	-
Operating expenses					544	487
Net income					1,205	1,596

Store Locations



Report on Cannabis

Mandate

On June 1, 2018, the Legislative Assembly of the Northwest Territories enacted Bill 6, the *"Cannabis Legalization and Regulation Implementation Act*", which legalized the sale and use of cannabis in the Northwest Territories once the federal legislation was passed.

The federal legislation, *Bill C45, Cannabis Act* was passed by Royal Assent June 21, 2018. Cannabis became legal for sale by order of the Governor in Council October 17, 2018; as the day on which certain provisions of the *Cannabis Act* Come into Force. The *Cannabis Act* was amended October 17, 2019 to include edible cannabis, cannabis extracts, and cannabis topicals.

The *Cannabis Legalization and Regulation Implementation Act* was amended March 31, 2020 to the *Cannabis Products Act* and *Regulations*, which authorizes the NTLCC to purchase, sell, classify, and distribute cannabis in the Northwest Territories. NWT residents can purchase recreational cannabis at NTLCC liquor stores in Fort Smith, Norman Wells and Fort Simpson, and three private stores: two in Yellowknife and one in Hay River. Cannabis products are distributed from the NTLCC Cannabis warehouse in Hay River. NWT residents also have the option to purchase recreational cannabis on-line from ReLeaf NT, one of the private stores in Yellowknife, the only legal NWT on-line store.

Operations

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2022–2023 we:

- Delivered a wide variety of quality cannabis products through our network of NWT stores and our on-line store.
- Promoted safe and responsible use of cannabis.

Strategic Objectives

Goal #1 – Management & Compliance

Operations are managed efficiently and comply with legislation, regulation, and policy.

Performance Highlights

The operational structure of the NTLCC is designed to deliver optimal service levels for the best possible costs and consists of a headquarters administrative staff of ten and a network of three consignment stores operated by private contractors in conjunction with our liquor stores, three private cannabis retail stores, including one also operating as an online cannabis store.

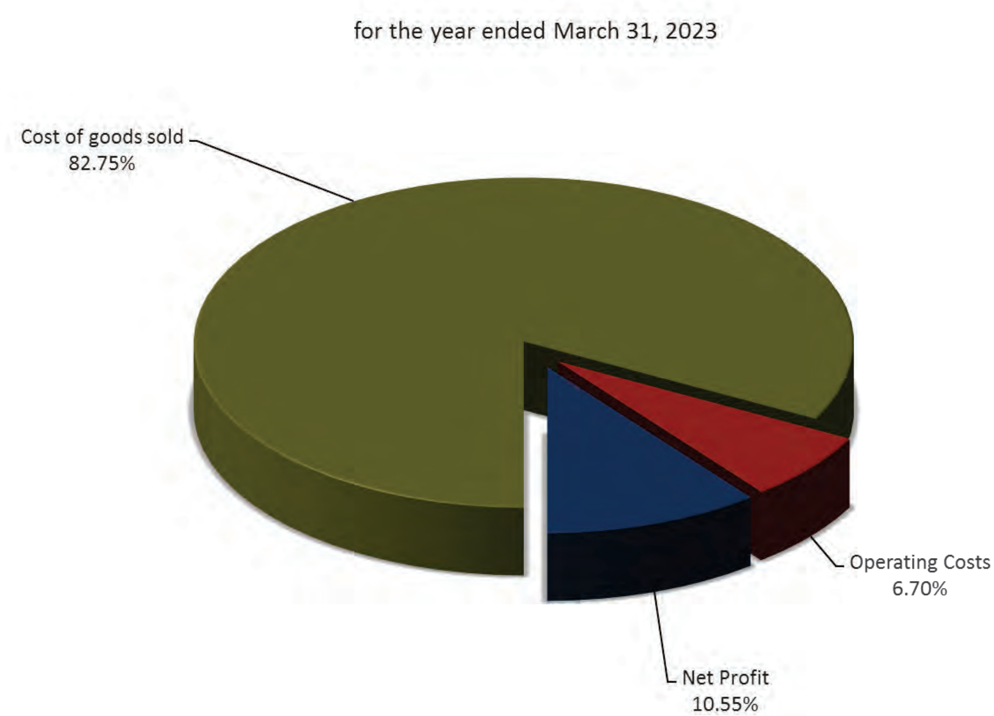
Management & Compliance, continued

Cannabis inventory is owned by the NTLCC until it is sold to the retail customer from the Liquor Stores selling cannabis and wholesaled to the Private Stores.

Operational compliance with contracts, regulation and legislation, by the retail stores was maintained throughout the year. The operations of all contracted retail stores selling cannabis product are monitored monthly and visited periodically by headquarters management.

Application of Revenues

The cost to deliver the sales and administration of cannabis product throughout the year was 6.70% of sales revenue, of which 2.92% was paid to liquor retail stores in commissions.



Goal #2 – Social Responsibility

Actively and continuously promote the responsible use of cannabis.

Performance Highlights

The NTLCC supports the responsible use of cannabis through various awareness programs and initiatives.

The NTLCC participates with the Canadian Cannabis Jurisdictional Leadership (CCJL) Social Responsibility Subcommittee in support of socially responsible cannabis retailing on a nationwide basis. NTLCC works with the other jurisdictions to identify opportunities for collaboration, share best practices and evidence-informed education and streamline social responsibility efforts.

The committee works together to facilitate a space and community for knowledge sharing and partnership among jurisdictions. We work together to ensure cannabis messaging is current and standardized as much as possible across jurisdictions, with the focus being on responsible consumption.

The NTLCC jointly supports the responsible use of cannabis with other GNWT departments including;

- Department of Health & Social Services – Health Effects of Cannabis,
- Worker’s Safety and Compensation Commission – Workplace Impairment
- NTLCC – “Recreational Vehicle: Choose to be UnImpaired”.
- CRISM - Canada’s Lower-Risk Cannabis Use Guidelines
- Department of Infrastructure – Drug Impaired Driving

Goal #3 – Financial Targets

Meet financial income targets.

Performance Highlights

The NTLCC's annual surplus was 11.37% above the previous fiscal year. The change in Gross Profit Percentage from 2021 to current is a result of a change in sales model from consignment to private stores in Yellowknife and Hay River as well as the private online store. Private Stores purchase Cannabis from the NTLCC at a wholesale price rather than receiving a commission on sales. Operating expenses have declined due to the closure of the NTLCC's own online store.

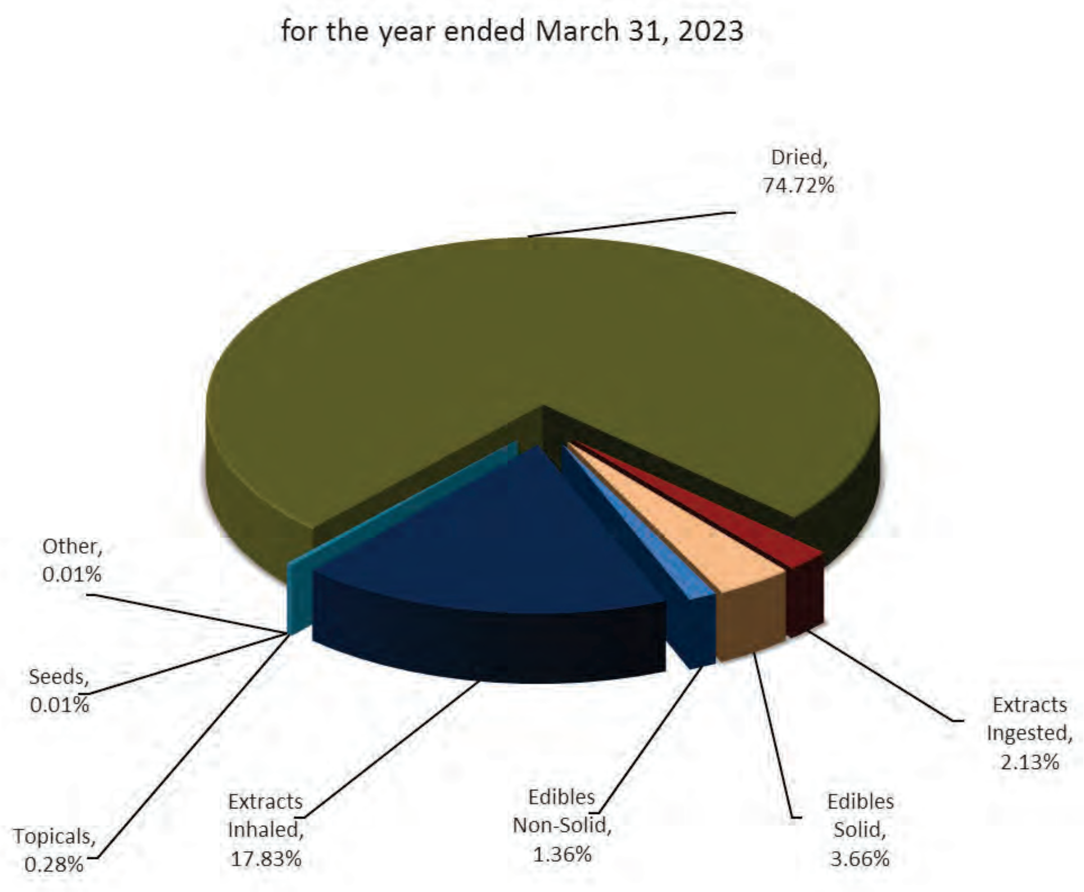
Four Year Performance History

for the year ending March 31
(000's)

	2023	2022	2021	2020
Gross Sales	7,566	7,447	5,141	3,252
Gross Profit	1,305	1,405	1,581	1,200
as a % of sales	17.2%	18.9%	30.8%	36.9%
Net Surplus	911	818	709	405
as a % of sales	12.0%	11.0%	13.8%	12.5%
Operating Expenses	394	587	872	795
as a % of sales	5.2%	7.9%	17.0%	24.4%

Cannabis Dollar Sales by Category

Dollar Sales of Cannabis by Sales Category; Dried Cannabis represents 74.72% of product sold in the NWT, Extracts Ingested (formerly Cannabis Oil) product at 2.13%, Edibles Solid 3.66%, Edibles Non-Solid 1.36%, Extracts Inhaled 17.83%, Topicals 0.28%, and both Seeds and other at 0.01%.

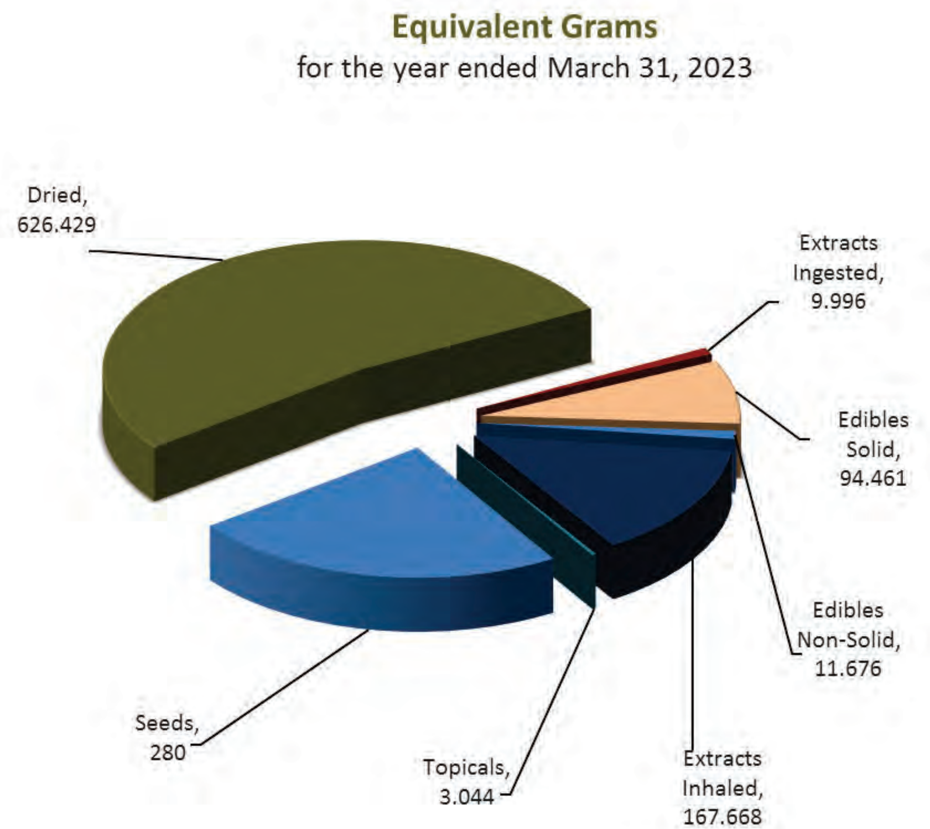


Dollar Sales by Category

for the year ending March 31
(000's)

	Dried	Extracts Ingested	Edibles Solid	Edibles Non-Solid	Extracts Inhaled	Topicals	Seeds	Other	Total
2020	2,959	275	6	N/A	6	0	6	N/A	3,252
2021	4,324	326	126	50	283	0	3	30	5,141
2022	5,465	255	254	104	1,318	23	23	5	7,447
2023	5,653	161	277	103	1,349	21	1	1	7,566

Cannabis Volume Sales by Category



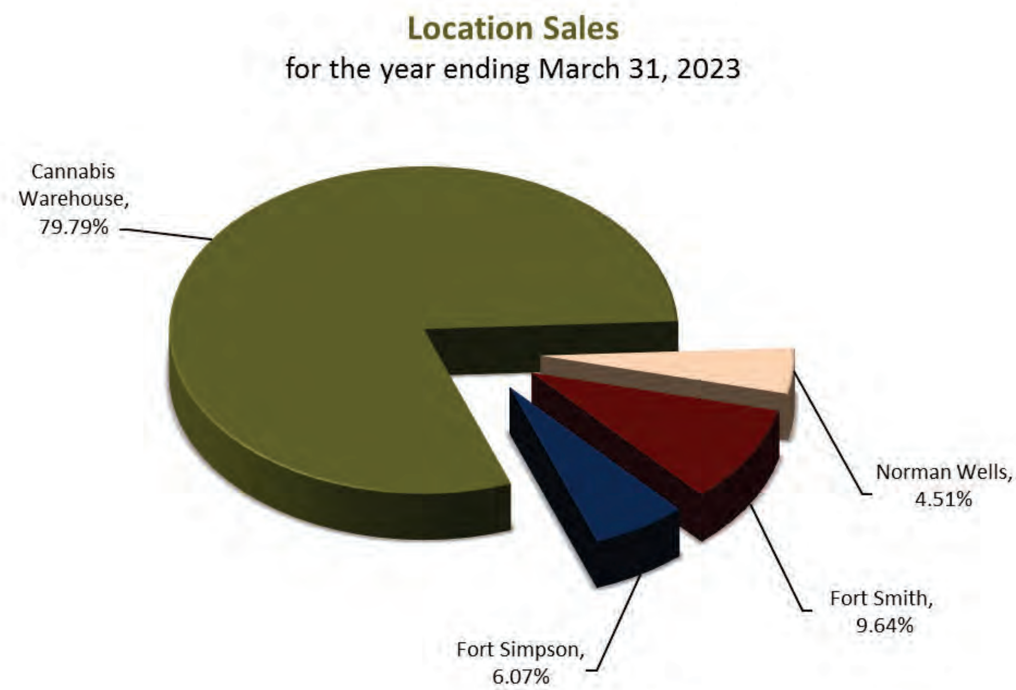
Volume Sales by Category

for the year ending March 31
($000's)

Cannabis, Grams and Equivalent Grams	2023	2022	2021
Dried	626.429	676.17	482.68
Extracts Ingested	9.996	7.87	15.52
Edibles Solid	94.461	42.49	22.95
Edibles Non-Solid	11.676	69.04	45.96
Extracts Inhaled	167.668	104.16	10.54
Topicals	3.044	0.47	-
Seeds **	280	640	264

** Seeds are reported by total number of seeds

Store Operations



Sales by Location

for the year ending March 31
(000's)

	2023	2022	2021	2020	Oct 18 to Mar 2019
On-line Store	-	8	20	17	44
Yellowknife Shop	-	-	1,730	1,874	806
Hay River	-	448	740	513	187
Cannabis Warehouse	6,037	5,547	1,453	-	-
Norman Wells	341	344	335	289	101
Fort Smith	729	641	444	329	129
Fort Simpson	459	459	419	229	97
	7,566	7,447	5,141	3,252	1,364

Statement of Operations by Location

(for the year ended March 31, 2023, with comparative figures for 2022)
(revenue and expenses directly related to sales per location)

Norman Wells Operations

($000's)

	Dried	Extracts Ingested	Edibles Solid	Edibles Non-Solid	Extracts Inhaled	Topicals	Seeds	Other	2023 Total	2022 Total
Sales										
Consumers	288	6	3	-	43	-	-	1	341	344
Cost of goods sold	201	4	2	-	30	-	-	-	238	232
Gross margin	87	2	1	-	13	-	-	-	103	112
Operating expenses									49	50
Net income									54	62

Fort Smith Operations

($000's)

	Dried	Extracts ngested	Edibles Solid	Edibles Non-Solid	Extracts Inhaled	Topicals	Seeds	Other	2023 Total	2022 Total
Sales										
Consumers	558	23	24	16	106	1	-	1	729	641
Cost of goods sold	379	16	16	11	72	1	-	1	495	415
Gross margin	179	7	8	5	34	-	-	-	234	226
Operating expenses									106	93
Net income									128	133

Statement of Operations by Location, cont.

(for the year ended March 31, 2023, with comparative figures for 2022)
(revenue and expenses directly related to sales per location)

Fort Simpson Operations

($000's)

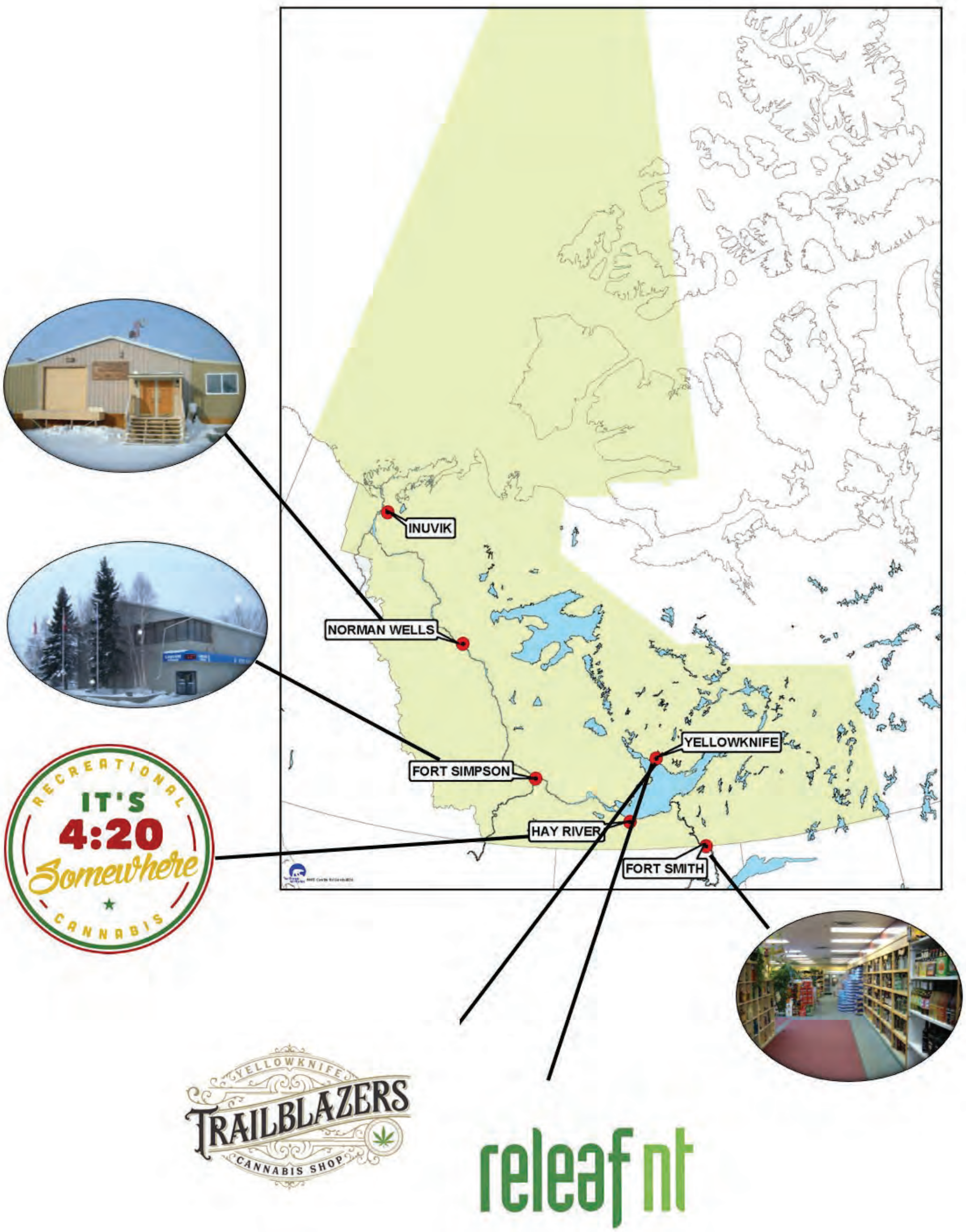
	Dried	Extracts Ingested	Edibles Solid	Edibles Non Solid	Extracts Inhaled	Topicals	Seeds	Other	2023 Total	2022 Total
Sales										
Consumers	366	7	15	3	66	2	-	-	459	459
Cost of goods sold	252	5	10	2	45	1	-	-	316	298
Gross margin	114	2	5	1	21	1	-	-	143	161
Operating expenses									66	66
Net income									77	95

Cannabis Warehouse

($000's)

	Dried	Extracts Ingested	Edibles Solid	Edibles Non Solid	Extracts Inhaled	Topicals	Seeds	Other	2023 Total	2022 Total
Sales										
Consumers	4,441	126	234	83	1,134	19	1	(1)	6,037	5,547
Cost of goods sold	3,834	109	202	72	979	16	1	(1)	5,212	4,793
Gross margin	607	17	32	11	155	3	-	-	825	754
Operating expenses									286	101
Net income									539	653

Store Locations



Audited Financial Report Statements 2022 - 2023

Northwest Territories Liquor & Cannabis Commission

Financial Statements

Year ended March 31, 2023

Northwest Territories Liquor & Cannabis Commission

Index to Financial Statements

March 31, 2023

Management's Responsibility for Financial Reporting

The preparation of the financial statements of the Northwest Territories Liquor & Cannabis 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 Professional 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, they also examine transactions that have come to their notice to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.

Jodi Cook-Vossler
Acting Director, Liquor & Cannabis Operations
NWT Liquor & Cannabis Commission
June 30, 2023

ASHTON
Chartered Accountants
Business Advisors

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Hay River, NT X0E 1G2
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INDEPENDENT AUDITOR'S REPORT

To the Ministers of NWT Liquor & Cannabis Commission

Opinion

We have audited the financial statements of NWT Liquor & Cannabis Commission (the commission), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the commission as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the commission in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 commission’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commission’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ashton

Hay River, Northwest Territories
June 30, 2023

Chartered Professional Accountants

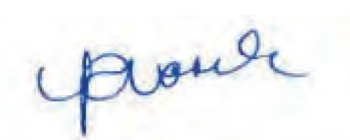
Northwest Territories Liquor & Cannabis Commission

Statement of Financial Position

As at March 31 ($000)	2023	2022
Financial Assets		
Cash	$ 4,637	$ 6,898
Accounts receivable	151	72
Inventories for resale (note 3)	3,104	3,399
	7,892	10,369
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	1,676	2,256
Pension and other employee benefits (note 4)	62	48
Due to the NWT Liquor Licensing Board (note 5)	92	114
	1,830	2,418
Net Financial Assets	6,062	7,951
Non-Financial Assets		
Tangible capital assets (note 6)	434	409
Prepaid expenses	115	92
	549	501
Accumulated Surplus	$ 6,611	$ 8,452

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

Approved by the Northwest Territories Liquor & Cannabis Commission:



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Jodi Cook-Vossler
Acting Director, Liquor & Cannabis Operations

Northwest Territories Liquor & Cannabis Commission

Statement of Operations

For the year ended March 31 ($000)	2023 Budget	2023 Actual	2022 Actual
Sales			
Spirits	$ 23,286	$ 23,904	$ 24,574
Wine	8,373	7,453	7,875
Beer	18,768	17,545	18,079
Coolers and Ciders	5,670	5,472	5,213
Cannabis	8,301	7,566	7,447
	64,398	61,940	63,188
Cost of goods sold			
Spirits	7,110	7,458	7,491
Wine	3,870	3,525	3,645
Beer	7,802	7,426	7,506
Coolers and Ciders	2,408	2,371	2,207
Cannabis	6,823	6,261	6,042
	28,013	27,041	26,891
Gross profit on sales	36,385	34,899	36,297
Other income			
Government contribution - services provided without charge (note 7)	-	6	1
Import fees and Income	8	9	5
	8	15	6
Expenses (notes 7)			
Commissions to agents - Liquor	6,939	6,510	6,510
Commissions to agents - Cannabis	196	221	275
Licensee Discounts	569	554	455
Salaries, wages and employee benefits	1,239	1,270	1,165
Administration - Liquor	719	844	759
Administration - Cannabis	156	173	150
Travel	30	26	20
Rent	282	313	255
Amortization of tangible capital assets (note 6)	106	120	175
	10,236	10,031	9,764
Annual surplus	$ 26,157	$ 24,883	$ 26,539

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

Northwest Territories Liquor & Cannabis Commission

Statement of Accumulated Surplus

For the year ended March 31 ($000)	2023 Budget	2023 Actual	2022 Actual
Accumulated surplus, beginning of the year	$ 8,452	$ 8,452	$ 6,665
Annual surplus	26,157	24,883	26,539
Amounts transferred to the Consolidated Revenue Fund	(25,391)	(26,233)	(24,217)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(766)	(491)	(535)
Increase in accumulated surplus	-	(1,841)	1,787
Accumulated surplus, end of year	$ 8,452	$ 6,611	$ 8,452

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

Northwest Territories Liquor & Cannabis Commission

Statement of Changes in Net Financial Assets

For the year ended March 31 ($000)	2023 Budget	2023 Actual	2022 Actual
Net financial assets, beginning of year	$ 7,951	$ 7,951	$ 6,075
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	(1,841)	1,787
Net investment in tangible capital assets:			
Acquisitions	-	(145)	(30)
Amortization expense	106	120	174
Increase in prepaid expenses	-	(23)	(55)
Net financial assets, end of year	$ 8,057	$ 6,062	$ 7,951

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

Northwest Territories Liquor & Cannabis Commission

Statement of Cash Flow

For the year ended March 31 ($000)		2023		2022
Operating activities				
Cash received from customers	$	61,870	$	63,263
Cash paid to employees and suppliers		(37,240)		(36,574)
Cash provided by operating activities		24,630		26,689
Capital activities				
Purchase of tangible capital assets		(145)		(30)
Financing activities				
Cash transferred to the Consolidated Revenue Fund		(26,233)		(24,217)
Cash transferred to the NWT Licensing Board		(513)		(559)
Cash provided by financing activities		(26,746)		(24,776)
Change in cash		(2,261)		1,883
Cash, beginning of year		6,898		5,015
Cash, end of Year	$	4,637	$	6,898

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

1. Authority and operations

The Northwest Territories Liquor & Cannabis 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 $12,000.

- 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, 2023 the Fund’s assets exceeded the liabilities by $6,062 (2022 – $7,951).

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 Chartered Professional Accountants of Canada.

(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.

March 31, 2023 ($000)

2. Significant accounting policies (continued)

(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.

3. Inventories for resale

	2023	2022
Spirits	$ 1,163	$ 1,167
Beer	531	770
Wine	694	546
Coolers and ciders	258	253
Cannabis	458	663
	$ 3,104	$ 3,399

4. Other employee future benefits

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

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

Compensated absence benefits 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. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

March 31, 2023 ($000)

4. Other employee future benefits (continued)

Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2023. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the Commission.

	2023			2022		
	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	$ 88	$ 14	$ 102	$ 59	$ 15	$ 74
Current Service Costs	3	1	4	4	1	5
Interest Cost	4	1	5	2	-	2
Benefits paid during the year	-	(1)	(1)	(29)	(2)	(31)
Actuarial (gain)/loss	(17)	(1)	(18)	53	-	53
Accrued benefit obligation, end of the year	$ 78	$ 14	$ 92	$ 89	$ 14	$ 103
Unamortized net actuarial gain (loss)	1	(30)	(29)	(18)	(37)	(55)
Accrued benefit (liability)/asset	$ 79	$ (16)	$ 63	$ 71	$ (23)	48

March 31, 2023 ($000)

4. Other employee future benefits (continued)

	2023	2022
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	4.8%	4.1%
Expected average remaining service life of related employee groups (EARSL)	10.3	10.3

Timing of expected payments for other employee benefits are as follows:

2024	$	13
2025		13
2026		17
2027		13
2028		11
2029 and beyond		40
	$	107

5. Due to/from 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 use by the Board and Enforcement without charge.

March 31, 2023 ($000)

6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2023	2022
Cost:					
Opening balance	$ 145	$ 746	$ 860	$ 1,751	$ 2,067
Acquisitions	-	144	-	144	30
Disposals and write- downs	-	-	-	-	(346)
Closing balance	145	890	860	1,895	1,751
Accumulated Amortization:					
Opening balance	(127)	(660)	(554)	(1,341)	(1,513)
Amortization	(5)	(80)	(35)	(120)	(175)
Disposals and write-downs	-		-	-	346
	(132)	(740)	(589)	(1,461)	(1,342)
Net book value	$ 13	$ 150	$ 271	$ 434	$ 409

March 31, 2023 ($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 $1,270 (2022 – $1,165) related to salaries, wages, and employee benefits for the Commission's employees. The Commission reimburses the Department of Finance for these costs.

The Department of Justice provides the Commission with legal services without charge. The total cost of these services has been estimated to be $6 (2022 – $1). 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 $153 (2022 – $158) for bottle deposits payable to the Department of Environment and Natural Resources, $80 (2022 – $176) for salaries, wages, and employee benefits payable to the Department of Finance, and $0 (2022 - $0) other various Government Departments.

8. Contractual obligations

The Commission has a five-year lease agreement ending April 30, 2026 for its office premises. The Commission also has a five-year lease agreement ending September 30, 2026 with the option of extending the lease for one further term of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2023/24	$ 248
2024/25	$ 248
2025/26	$ 248
2026/27	$ 88

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 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.

69th Annual Report
2022-2023

NWT LIQUOR LICENSING BOARD

June 30th, 2023

Honourable Caroline Wawzonek
Minister Responsible for the NWT Liquor Licensing Board

Dear Minister Wawzonek:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Licensing Board's 2022 - 2023 Annual Report.

Sincerely,

Louis Sebert
Chairperson

Contents

Board Overview

The Northwest Territories Liquor Licensing Board (the Board) is established under Subsection 2(1) of the Northwest Territories *Liquor Act*. The Minister of Finance appoints Board Members for a term of three years.

The Board is a regulatory and quasi-judicial administrative tribunal that is independent from government. The Board administers several parts of the NWT *Liquor Act* and the NWT *Liquor Regulations*.

The Liquor Licensing Board regulates:

- the issuance of Licences and Permits;
- liquor sales and service in restaurants, bars, and at special events; and
- the manufacture of liquor.

The Board also adjudicates alleged violations of liquor laws by Licence Holders.

Board Members and Staff

Louis Sebert – Chairperson *(Fort Smith)*

Paul Falvo – Board Member *(Yellowknife)*

Michael Hansen - Board Member (*Hay River*)

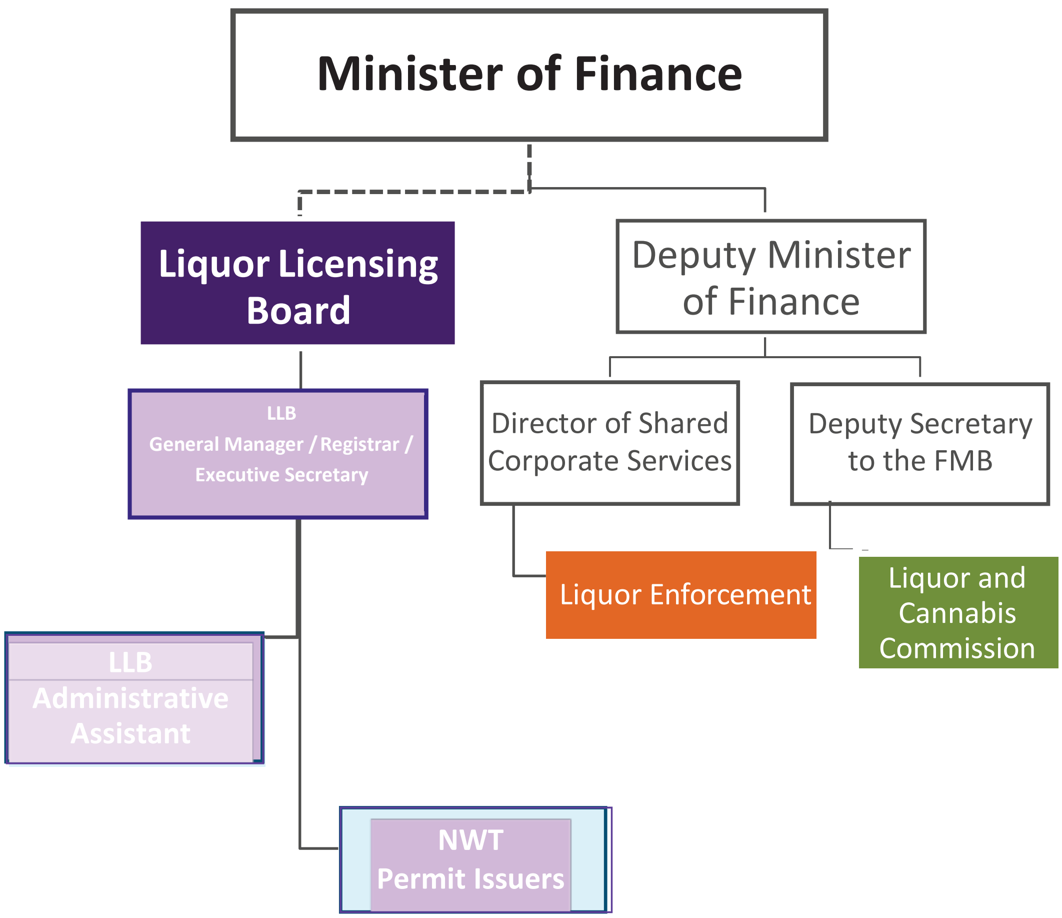
Jaimie Graham – General Manager/Registrar/Executive Secretary *(Hay River)*

Kesree Loutit – Administrative Assistant (*Hay River)*

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspections of licensed premises, educating Licence and Permit Holders, and enforcement of liquor laws and Board conditions.
- Liquor and Cannabis Commission – Purchasing and retail sales of liquor.

Each of the three liquor entities is established by the *Liquor Act* and is **independent from each of the other two.** The Board, while at arm's length from the Liquor and Cannabis Commission and Enforcement, often interacts with them on matters of mutual interest.



Board Activity

The majority of Board activities were managed primarily by the Chairperson in collaboration with the Executive Secretary.

Total Meetings

Board Meeting Type	2021 - 2022	2022-2023
Orientation	1	0
Administrative	1	0
Teleconferences	1	0
Public Hearings	0	0
Compliance Hearings	0	0
Total	**3**	**0**

Administration and Orientation Meetings

The Board proposed legislative amendments to the GNWT Department of Finance in order to modernize the Board-related provisions of the *Liquor Act* and its Regulations. Where possible, the Board meets by teleconference, but it also meets in person where other business such as compliance hearings are scheduled. In this reporting period there was no items requiring an administrative or an orientation meeting.

Licence Applications and Public Hearings

The Board must consider each application for a liquor licence and other specific requests. Most often applications are dealt with by the Executive Secretary, but there may be times the Board must meet in person and/or conduct a public hearing of an application.

Compliance Hearings

Where Liquor Enforcement alleges that 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. Applying that requirement could impact the rights of parties to fair and unbiased decision-making. Just as there is no cost recovery requirement for policing and the Courts, the cost of administering and enforcing the *Liquor Act* and its Regulations is balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is to hear matters in a timely manner. A person accused of a statutory or regulatory infraction has the right to have the matter heard without undue delay.

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.

There were no compliance hearings conducted during this reporting period.

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in licensed premises and at 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 liquor to patrons 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 liquor to patrons 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 hosts events at various locations, and the Licence Holder's primary source of revenue is derived 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 five 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, the RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge, and the sale 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 sale or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises, but has a mini-bar extension.
- Personal Services – The Licence Holder operates a business that offers to the public hair styling or barber services, nail or skin care services or therapeutic massage services, and the use of liquor is for its authorized patrons.

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 and Cannabis Commission or to 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, including Licence and Permit Holders.

Total Liquor Licences

Community	Class A	Class B	Class C	Class D	MFG.	Retail Outlet	2022-23	2021-22
Fort Providence	2	1	0	0	0	0	**3**	3
Fort Simpson	1	1	0	2	0	0	**4**	6
Fort Smith	1	1	0	2	0	0	**4**	3
Hay River	2	4	0	6	0	0	**12**	13
Inuvik	1	2	0	4	0	0	**7**	8
Norman Wells	2	2	0	2	0	0	**6**	6
Remote Lodges	-	-	-	8	-	-	**8**	8
Yellowknife	12	23	1	10	1	1	**48**	52
Total	21	34	1	34	1	1	**92**	99

Special Occasion Permits

There are three types of Special Occasion Permits (SOP's):

Class 1 - Anyone 19 years of age or older may apply for a Class 1 Permit. There must not be an admission charge for the event and 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 and 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 amount a Permit Holder may charge for liquor, and presently, the limit is $5.00 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 the organizer's costs.

Class 3 (fundraising) - Class 3 Resale Permits are available to organizations only, and not to individuals. Organizations eligible for a Class 3 permit include:

- a society incorporated under the *Societies Act*;
- a body incorporated under *Part II* of the *Canada Corporations Act*;
- a service club that holds a premises licence; or
- an unincorporated group of persons that:
    i. has been in existence for a period not less than six months before the date of application,
    ii. has an executive elected by its members, and
    iii. 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 the proceeds will be put.

Total Special Occasion Permits

Community	Class 1	Class 2	Class 3	2022-23	2021-22
Fort Providence	0	4	4	**8**	**3**
Fort Resolution	0	1	0	**1**	**0**
Fort Simpson	1	3	9	**13**	**5**
Fort Smith	9	6	11	**26**	**23**
Hay River	7	1	37	**45**	**28**
Inuvik	0	3	18	**21**	**6**
Norman Wells	1	0	2	**3**	**3**
Ulukhaktok	1	0	0	**1**	**0**
Yellowknife	72	12	112	**196**	**55**
Total	**91**	**30**	**193**	**314**	**123**

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 veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a facility that provides health services pursuant to the *Hospital Insurance and Health and Social Services Administration Act*, or a person in charge of a nursing home.

There were three Special Purpose Permits in effect on March 31st, 2023.

Board Office

The Liquor Licensing Board office is located in Hay River.

NWT Liquor Licensing Board
Suite 204 - 31 Capital Drive
Hay River, NT X0E 1G2

Toll-free:1-800-351-7770
Phone: (867) 874-8715
Email: LLBinfo@gov.nt.ca
Website: www.fin.gov.nt.ca/services/liquor/liquor-licensing-board

Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

NORTHWEST TERRITORIES LIQUOR ENFORCEMENT ANNUAL REPORT 2022-2023

SUITE 204 – 31 CAPITAL DRIVE
HAY RIVER NT X0E 1G2
PH: 867 874 8719
Cell: 867 875 7898
FAX: 867 874 8722
TOLL FREE: 1 800 351 7770

ENFORCEMENT ACTIVITY

The Liquor Enforcement Division is responsible for ensuring compliance with the Northwest Territories Liquor Act, by supervising liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities.

Contracted liquor inspectors monitor the activities of licensed premises by conducting 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 frequency of RCMP inspections are not reported to Enforcement, however, violations are reported to Liquor Enforcement when found.

INSPECTION OF LICENSED PREMISES

Community	**Inspections**	
	2021/22	**2022/23**
Fort Providence	21	18
Fort Simpson	23	17
Fort Smith	6	15
Hay River	232	196
Inuvik	141	39
Norman Wells	157	292
Yellowknife	552	726
TOTAL	**1,132**	**1,300**

Fluctuations in the number of inspections performed are affected by the availability of the inspectors and vacancies in inspector positions.

PUBLIC TRAINING

SafeServe Certification Program

Liquor Enforcement offers an online SafeServe Certification Program free of charge. SafeServe is an online certification program that provides responsible liquor service training SafeServe is designed to ensure that liquor is sold and served in a way that keeps customers, guests, and others safe from alcohol-related harms.

The NWT online SafeServe Certification Program was released to Licence Holders on March 11, 2022 and released to the public on March 15, 2022. As of June 30, 2023, **694** individuals have completed this training.

Currently, the Liquor Licensing Board requires the on-site managers, bartenders, and servers to obtain training for licence renewals and some special occasion permit holders. The Liquor Commission also has the option to use the program for Vendors and their employees. SafeServe 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.

Liquor Enforcement with Policy and Communications are in the final stages of development of policy guidelines to support the SafeServe Certification Program.

Special Occasions Permit Training

Liquor Enforcement is initiating the development of a training program focused on liquor service for those who are not in the liquor service industry, for non-paid positions, volunteers under Special Occasion Permits. The Training will focus on social responsibilities, providing a safe and enjoyable atmosphere at the event while reducing liability, understand and apply relevant liquor legislation.

COMMUNITY LIQUOR STATUS

Communities in the Northwest Territories are able to choose whether or not they will permit alcohol to be brought into the community or if the quantity of alcohol will be restricted or unrestricted. For more information and details by community, please refer to the information below.

BACKGROUND:

Communities in the Northwest Territories are classed as either:

Unrestricted There are no restrictions beyond those that are described in the *Liquor Act* and Regulations.

Restricted The restriction may limit the quantity and/or frequency of alcohol brought into a community; limit the quantity and hours of sale at a liquor store or require individuals to seek prior approval from a community alcohol education committee to bring in a limited amount of alcohol into a community.

Prohibited There is a complete ban on alcohol being brought into the community.

CURRENT STATUS:

1. Unrestricted Communities

Aklavik	Fort Simpson*	Norman Wells*
Behchokö	Fort Smith*	Sachs Harbour
Colville Lake	Hay River*	Tsiigetchic
Enterprise	Inuvik*	Wrigley
Fort Providence	Jean Marie River	Yellowknife*
Fort Resolution	Kakisa	

*These communities have licensed premises and/or a liquor store(s).

2. Restricted Communities

Déline	Fort McPherson	Tuktoyuktuk
Dettah	Fort Simpson	Tulita
Fort Good Hope	Paulatuk	Uluhuktuk
Fort Liard	Saamba Ke	

There are **two** types of restrictions that can apply:

i) Through community options; or
ii) The Minister may impose a restriction on the operating hours of a liquor store and/or the amount of liquor to be purchased in a certain period.

Déline

No person shall bring into the restricted area, in any 24-hour period, within a radius of 25km of the Déline Got'ine Government John Tetso office building, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 1140 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Combinations do not apply to a person authorized by the Déline Got'ine Government to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special event.

Dettah

No person shall at any time have in his or her possession in, or in any month take into Dettah a quantity of liquor that is in excess of the following combinations:

a) Twelve 355 *ml* containers of beer and one 750 *ml* container of spirits; or
b) 4,500 *ml* of wine in sealed containers.

Fort Good Hope

No person shall bring into the restricted area, in any 24-hour period, within 25km of the Fort Good Hope Community Complex, a quantity of liquor in excess of one unit of liquor of the following types:

a) Type 1: 1140 *ml* of spirits and one dozen 355 *ml* containers of beer;
b) Type 2: 1140 *ml* of spirits and two *litres* of wine;
c) Type 3: one dozen 355 *ml* containers of beer and two *litres* of wine;
d) Type 4: two dozen 355 *ml* containers of beer and one *litre* of wine.

Fort Liard

No person shall purchase, sell or transport within a radius of 15km of the building in the Hamlet of Fort Liard commonly known as the Community Centre, more liquor in one week than any three units of the following types:

a) Type 1: 1140 *ml* of spirits;
b) Type 2: two dozen 355 *ml* containers of beer;
c) Type 3: two 750 *ml* containers of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the Municipal Council or Band Council where liquor shall be consumed at community dances.

Fort McPherson

No person shall bring into the restricted area, in any seven-day period, within a radius of 25km of the Tetlit Co-op Store of the Hamlet:

a) a quantity of spirits in excess of 2280 ml.
b) no person shall operate within the restricted area a vehicle having two or more occupants and transporting a quantity of spirits that exceed 4560ml.

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special occasion.

Paulatuk

No person shall bring into the restricted area, in any seven-day period, within a radius of 2km of the Paulatuk Hamlet Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 1140 *ml* of spirits and 12 355 containers *ml* of beer;
b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and 750 *ml* of spirits;
e) Combination 5: 1175 *ml* of spirits.

Sambaa Ke

No person shall bring into the restricted area, in any 24-hour period, within 15km of the Sambaa K'e Dene Band Administration Office, a quantity of liquor that exceeds the amount described in any one of the following combinations:

a) Combination 1: 750 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 750 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Tuktoyaktuk

No person shall bring into the restricted area or possess within the restricted area, at any time, within a 25 km of the Tuktoyaktuk Hamlet Office:

a) a quantity of spirits in excess of 2280 ml
b) within the restricted area, no person shall operate a vehicle
    - having one to three adult occupants and transporting a quantity of spirits that exceed 2280ml per adult occupant; or

- having four or more adult occupants and transporting a quantity of spirits that exceeds 9120 ml.

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special event.

Tulita

No person shall bring into the residential area, in any 24-hour period, within a radius of 25km of the Tulita Dene Band Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 1140 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Ulukhaktok

No person shall bring into the restricted area, in any seven-day period, within a radius of 2 km from the Ulukhaktok Hamlet Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

a) Combination 1: 200 *ml* of spirits and 12 355 *ml* containers of beer;
b) Combination 2: 200 *ml* of spirits and two *litres* of wine;
c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
d) Combination 4: 24 355 *ml* containers of beer and one 100 *ml* bottle of spirits;

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special event.

3. Prohibited Communities

Gamètì	Nahanni Butte	Whatì
Lutselk'e	Wekweètì	K'atl'odeeche First Nation

A prohibition may include the consumption, possession, purchase, sale or transport of liquor into a community. Any liquor being transported through a prohibited area must be sealed during the time the traveler is in the prohibited area.

Gamètì

Prohibited area lies within a 20 km of the building in Gamètì commonly known as the Gamètì School

Lutselk’e

Prohibited area lies within a radius of 25 km of the building in Lutselk’e commonly known as the Community Hall

Guests and other persons who does not reside within the Prohibited Area may sell and purchase liquor at the Frontier Fishing Lodge for consumption within the lodge or its immediate precincts. The owner/operator may transport, arrange for transport of liquor required to stock, provided that no seals on any of the liquor containers are broken

No person who is a resident of the prohibited area and who works in or is a guest of the lodge shall purchase, sell or consume any liquor in the prohibited area and in particular lodge.

Nahanni Butte

Prohibited area lies within a radius of 15km from the building in the community commonly known as the Old School.

Wekweètì

Prohibited area lies within a radius of 30 km from the Wekweètì Community Office Building.

Whatì

Prohibited area lies withing a radius of 25 km from the building in Whatì commonly known as the Mezi Community School.

K'atl'odeeche First Nation

K'atl'odeeche First Nation is prohibited under the *Indian Act* of Canada.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Financial Statements

Year ended March 31, 2023

Northwest Territories Liquor Licensing Board and Liquor Enforcement

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March 31, 2023

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 Chartered Professional Accountants of Canada. 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, they also examined transactions that have come to their notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Board.

Chairperson, NWT Liquor Licensing Board
June 30, 2023

ASHTON
Chartered Accountants
Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Ministers of Northwest Territories Liquor Licensing Board and Liquor Enforcement

Opinion

We have audited the financial statements of Northwest Territories Liquor Licensing Board and Liquor Enforcement (the organization), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ashton

Hay River, Northwest Territories
June 30, 2023

Chartered Professional Accountants

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Financial Position

As at March 31, ($000)		2023		2022
Financial Assets				
Accounts Receivable	$	-	$	-
Due from NWT Liquor & Cannabis Commission (note 3)		92		113
Pension and other employee benefits (note 4)		14		22
		106		135
Financial Liabilities				
Accounts payable (Note 6)		74		107
Deferred revenue		32		28
		106		135
Net Financial Assets (debt)		-		-
Non-financial Assets				
Prepaid Expenses		-		-
Accumulated surplus	$	-	$	-

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

Approved by the Northwest Territories Liquor Licensing Board:

Chairperson, Liquor Licensing Board

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Operations

For the year ended March 31 ($000)	2023 Budget	2023 Actual	2022 Actual
Revenue			
License fees and permits	$ 65	$ 50	$ 34
Government contribution - services provided without charge (note 6)	-	-	-
	65	50	34
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	536	414	413
Honoraria	50	3	7
Inspector's fees	68	52	56
Rent	31	37	31
Travel	75	14	15
Professional fees	29	6	15
Administration	42	15	32
	831	541	569
Annual loss	$ (766)	$ (491)	$ (535)

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)	2023 Budget	2023 Actual	2022 Actual
Accumulated surplus, beginning of the year	$ -	$ -	$ -
Annual loss	(766)	(491)	(535)
Amounts transferred from the NWT Liquor & Cannabis Commission	766	491	535
Change 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 Change in Net Debt

For the year ended March 31 ($000)	2023 Budget	2023 Actual	2022 Actual
Net debt, beginning of year	$ -	$ -	$ -
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	-	-
Net debt, end of year	$ -	$ -	$ -

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

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Cash Flow

For the year ended March 31 ($000)		2023		2022
Operating activities				
Cash received from customers	$	54	$	34
Cash paid to employees and suppliers		(567)		(593)
Cash provided by operating activities		(513)		(559)
Financing activities				
Cash transferred from the NWT Liquor & Cannabis Commission		513		559
Change in cash		-		-
Cash, beginning of year		-		-
Cash, end of Year	$	-	$	-

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

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 & Cannabis 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 $12,000.

- 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, 2023, the Fund’s assets exceeded the liabilities by $6,062 (2022 – $7,951).

Neither the Commission nor the Board is separate legal entities apart from the Department of Finance of the NWT and neither is subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

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 Chartered Professional Accountants of Canada. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

(c) Revenue recognition

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

(d) Services provided without charge

Liquor Enforcement records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses on the statement of operations.

(e) Tangible capital assets

The Board receives the use of tangible capital assets from the Commission without charge.

(f) Pension benefits

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

2. Significant accounting policies; continued,

(g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The costs of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

3. Due from NWT Liquor and Cannabis Commission

As explained in note 1, the Commission provides financial administrative support to the Board. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts, nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

4. Other employee future benefits

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

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

Compensated absence benefits 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. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

March 31, 2023 ($000)

4. Other employee future benefits (continued)

Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2023. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the Board.

		2023		2022
Accrued benefit obligation, beginning of the year	$	5	$	9
Current Service Costs		-		-
Interest Cost		-		-
Benefits paid during the year		-		-
Actuarial (gain)/loss		-		(4)
Accrued benefit obligation, end of the year	$	5	$	5
Unamortized net actuarial gain (loss)		(19)		(27)
Accrued benefit (liability)/asset	$	(14)	$	(22)

March 31, 2023 ($000)

4. Pension and other employee benefits (continued)

The actuarial valuation at March 31, 2023 reflects management's best estimate based upon a number of future orientated assumptions including:

	2023	2022
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	4.8%	4.1%
Expected average remaining service life of related employee groups (EARSL)	10.3	10.3

Timing of expected payments for other employee benefits are as follows:

2024	$	0
2025		0
2026		0
2027		0
2028		0
2029 and beyond		2
	$	2

5. Expenses

As explained in note 1, the liquor enforcement activities are included in total expenses as follows:

For the year ended March 31 ($000)		Enforcement	
	2023 Budget	2023 Actual	2022 Actual
Expenses			
Salaries, wages and employee benefits	$ 323	$ 200	$ 197
Inspector's fees	54	52	56
Rent	19	23	19
Travel	18	14	15
Professional fees	5	-	-
Administration	15	11	25
	434	300	312
Annual loss	$ (434)	$ (300)	$ (312)

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 $414 (2022 – $413) related to salaries, wages, and employee benefits for the Board's employees and $3 (2022 - $7) 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 $0 (2022 – $0). 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 $22 (2022 – $52) for salaries, wages, board honoraria, employee benefits including Worker's Compensation and Medical Travel, payable to the Government of the NWT.

March 31, 2023 ($000)

7. Contractual obligations

The Board has a five-year lease agreement ending April 30, 2026 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

2023/24	$ 31
2024/25	$ 31
2025/26	$ 31
2026/27	$ 3

Annual lease payments for the office premises include estimated operating costs and property taxes.

8. Financial instruments

The Board's financial instruments consist of accounts receivable, 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, 2023

Fuel Services Division

Financial Statements

March 31, 2023 **Page**

Management's Responsibility for Financial Reporting

To the Minister of Infrastructure
Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Fuel Services Division revolving fund.

The 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.

Lorne Browne, Director
Fuel Services Division
Yellowknife, Northwest Territories
June 23, 2023

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Independent Auditors' Report

To the Minister of Infrastructure
Government of the Northwest Territories

Opinion
We have audited the financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net financial debt, accumulated deficit, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2023, and its results of operations, changes in net financial debt, statement of accumulated deficit, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Fuel Services Division's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Fuel Services Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Fuel Services Division's financial reporting process.

Independent Auditors' Report

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fuel Services Division's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fuel Services Divisions ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Fuel Services Division to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Yellowknife, Canada
June 23, 2023 **Chartered Professional Accountants**

Fuel Services Division

Statement of Financial Position

March 31,		2023	2022
Financial Assets			
Accounts receivable (note 5)	$	**23,077,196** $	8,231,219
Inventory held for resale (note 6)		**46,237,579**	33,701,963
		69,314,775	41,933,182
Financial Liabilities			
Accounts payable and accrued liabilities (note 7)		**5,448,625**	5,550,804
Salaries payable		**163,485**	163,566
Employee future benefits payable (note 8)		**45,732**	27,125
Due to the Government of the Northwest Territories (note 9)		**66,019,917**	38,915,766
		71,677,759	44,657,261
Net Debt	$	**(2,362,984)** $	(2,724,079)
Non-financial Assets			
Prepaid expenses		**282**	911
Accumulated Deficit	$	**(2,362,702)** $	(2,723,168)

Commitments (note 10)

Approved

Lorne Browne
Director
Fuel Services Division

Renalyn Pascua-Matte,
Comptroller
Fuel Services Division

Fuel Services Division

Statement of Changes in Net Financial Debt

For the year ended March 31,	2023 Budget	2023 Actual	2022 Actual
Annual surplus (deficit)	$ -	**$ 360,466**	$ (1,723,169)
Change in prepaid expenses	-	**629**	51,271
Decrease (increase) in net financial debt		**361,095**	(1,671,898)
Net financial debt, beginning of year	(2,724,079)	**(2,724,079)**	(1,052,181)
Net financial debt, end of year	$ (2,724,079)	**$ (2,362,984)**	$ (2,724,079)

Fuel Services Division

Statement of Operations

For the year ended March 31,	2023 Budget	**2023 Actual**	2022 Actual
Revenues			
Sales of petroleum products (note 11)	$ 40,000,000	**$ 53,610,994**	$ 38,936,427
Cost of sales			
Cost of goods sold	33,000,000	**44,795,234**	32,409,826
Loss due to evaporation	100,000	**7,484**	-
Commission	2,400,000	**3,212,980**	3,319,207
	35,500,000	**48,015,698**	35,729,033
Gross margin	4,500,000	**5,595,296**	3,207,394
Gross margin percentage	11.3 %	**10.4 %**	8.2 %
Expenses			
Bad debts (recovered)	100,000	**315,276**	(84,921)
Contracts and purchased services	450,000	**600,187**	617,896
Operating and maintenance costs	1,150,000	**989,738**	1,005,710
Office and administration	-	**5,337**	22,805
Salaries, wages and employee benefits	2,000,000	**2,510,065**	2,489,258
Travel	400,000	**353,686**	378,831
Utilities	400,000	**500,627**	493,376
	4,500,000	**5,274,916**	4,922,955
Annual surplus (deficit) before other items	-	**320,380**	(1,715,561)
Other revenue (expenses)			
Grant contribution - air freight (note 14)	-	**1,922,540**	-
Grant-in-kind, Government assets provided at no cost (note 15)	-	**4,015,074**	1,923,863
Tangible capital assets - rent expenses (note 15)	-	**(2,115,738)**	(1,632,093)
Financing charges (note 15)	-	**(1,899,336)**	(291,770)
Other revenues and expenses (note 16)	-	**40,086**	(7,608)
Air freight	-	**(1,922,540)**	-
	-	**40,086**	(7,608)
Annual surplus (deficit)	$ -	**$ 360,466**	$ (1,723,169)

Fuel Services Division

Statement of Accumulated Deficit

For the year ended March 31,		2023		2022
Accumulated deficit, beginning of year	$	(2,723,168)	$	(999,999)
Annual surplus (deficit)		360,466		(1,723,169)
Accumulated deficit, end of year	$	(2,362,702)	$	(2,723,168)

Fuel Services Division

Statement of Cash Flows

For the year ended March 31,	2023	2022
Cash provided by (used for)		
Operating activities		
Annual surplus (deficit)	**$ 360,466**	$ (1,723,169)
Change in non-cash working capital items		
Accounts receivable	**(14,845,977)**	1,841,722
Inventory held for resale	**(12,535,616)**	1,849,788
Accounts payable and accrued liabilities	**(102,179)**	(525,507)
Salaries payable	**(81)**	3,168
Employee future benefits payable	**18,607**	4,517
Due to the Government of the Northwest Territories	**27,104,151**	(1,501,790)
Prepaid expenses	**629**	51,271
Cash, beginning and end of year	**$ -**	$ -

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 Infrastructure 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 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 $3,000,000 (2022 - $3,000,000) at the end of the fiscal year. The balance in the Stabilization Fund at March 31, 2023 is a deficit of $2,362,702 (2022 - deficit of $2,723,168).

2. **Change in accounting policies**

(a) Asset Retirement Obligations, Section PS 3280

This Section is effective for fiscal periods beginning on or after April 1, 2022 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. The standard requires the Fund to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The adoption of this new standard had no impact on the financial statements.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board of Canada. The significant accounting policies used are as follows;

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of inventory cost and valuation, 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. Items requiring the use of significant estimates are allowance for doubtful accounts, inventory value, cost of goods sold, tangible capital assets - rent expense and grant-in-kind. 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 in the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as a rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 15.

(c) Financing charges

Financing charges for the use of working capital provided by the Government of the Northwest Territories are estimated based upon a rolling monthly average prime corporate interest plus 0.35% per annum as described in Note 15.

(d) 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, records storage and computer operations, and internal audit services, as it is difficult to estimate them.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

3. **Significant accounting policies (continued)**

(f) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to eligible employees of the Fund are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

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. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff. 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 (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

The Fund and its employees, who are deemed to be employees of the Government, 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 $153,870 (2022 - $142,427) to the plan which was recognized as an expense while employees contributed $151,956 (2022 - $142,636). 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, if any, to the Public Service Superannuation Account.

3. Significant accounting policies (continued)

(g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation.

(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.

Grant contribution revenue is recognized when the funds are receivable or become receivable under the Government of Northwest Territories *Revolving Funds Act.*

Other revenue is recognized as goods are delivered or services are provided.

(i) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:
• receive any goods or services directly in return;
• expect to be repaid in the future; or
• expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

3. Significant accounting policies (continued)

(j) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. The cost allocations are recorded on a gross basis.

(k) Asset retirement obligations

An asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability is recognized when the following criteria are met as at the financial statements date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and,
- a reasonable estimate of the amount can be made.

Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the remeasurement and whether the asset remains in productive use.

The estimate of a liability includes costs directly attributable to asset retirement activities. Costs includes post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimate would include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The carrying amount of a liability for an asset retirement obligation is estimated at each financial reporting date.

As the Government owns the assets of the Fund, it also accepts responsibility for any asset retirement obligations. As a result, the Fund does not record any liabilities associated with asset retirement obligations.

3. Significant accounting policies (continued)

(l) 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. 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.

3. **Significant accounting policies (continued)**

(m) Related parties

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 (l).

The Fund is related in terms of common control to all Government departments, boards and agencies. These include:

Departments
- Department of Education, Culture and Employment
- Department of Environment and Climate Change
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Municipal and Community Affairs

Boards and Agencies
- Arctic Energy Alliance
- Aurora College
- Education Authorities
- Northwest Territories Health and Social Services Authority
- Hay River Health and Social Services Authority
- Inuvialuit Water Board
- Marine Transportation Services - Revolving Fund
- Northwest Territories Heritage Fund
- Northwest Territories Power Corporation
- NWT Business Development & Investment Corporation
- NWT Environmental Studies Research Fund
- NWT Housing Corporation
- NWT Human Rights Commission
- NWT Liquor Commission
- NWT Liquor Licensing Board
- NWT Sports and Recreation
- NWT Surface Rights Board
- Stanton Foundation
- Status of Women Council of the NWT
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission

The Fund enters into transactions with these entities in the normal course of business, with the exception of sales to 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.

4. Future changes to significant accounting policies

Revenue, Section PS 3400

This Section is effective for fiscal periods beginning on or after April 1, 2023. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The impact of the transition to this accounting standard, if any, has not yet been determined.

5. Accounts receivable

	Balance	Allowance	**2023**
Non-Government	$ 2,158,597	$ 180,590	$ 1,978,007
Government of Canada	44,197	3,335	40,862
Government of the Northwest Territories			
Boards and Agencies			
Education Authorities	4,073	-	4,073
Northwest Territories Health and Social Services Authority	2,678	-	2,678
Marine Transportation Services - Revolving Fund	207,094	-	207,094
Northwest Territories Housing Corporation	1,784,988	-	1,784,988
Northwest Territories Power Corporation	17,145,795	-	17,145,795
Tlicho Community Services Agency	12,913	3,958	8,955
Departments			
Education, Culture and Employment	255,850	3,448	252,402
Environment and Climate Change	5,055	-	5,055
Infrastructure	253,947	28	253,919
Local (Municipalities, Community Governments)	1,580,188	186,820	1,393,368
	$23,455,375	**$ 378,179**	**$23,077,196**

5. **Accounts receivable (continued)**

	Balance	Allowance	2022
Non-Government	$ 1,295,055	$ 45,066	$ 1,249,989
Government of Canada	12,082	-	12,082
Government of the Northwest Territories			
Boards and Agencies			
Education Authorities	1,503	-	1,503
Northwest Territories Health and Social Services Authority	5,603	-	5,603
Marine Transportation Services - Revolving Fund	52,406	-	52,406
Northwest Territories Housing Corporation	1,306,303	-	1,306,303
Northwest Territories Power Corporation	4,211,329	-	4,211,329
Tlicho Community Services Agency	11,317	-	11,317
Departments			
Education, Culture and Employment	182,999	4,766	178,233
Environment and Climate Change	7,310	-	7,310
Infrastructure	186,459	1,528	184,931
Local (Municipalities, Community Governments)	1,021,756	11,543	1,010,213
	$ 8,294,122	$ 62,903	$ 8,231,219

6. **Inventory for resale**

	2023	2022
Diesel	$ 36,757,883	$ 26,627,472
Gasoline	5,750,278	4,785,630
Jet A1	3,608,643	2,246,519
Naphtha	120,775	42,342
	$ 46,237,579	$ 33,701,963

An inventory write-down of $7,484 (2022 - $nil) was expensed during the year. This represents product loss primarily due to evaporation. It is a factor of inventory on hand throughout the year, the type of fuel tanks in which the inventory is held, and weather conditions throughout the year.

An additional inventory write-down of $nil (2022 - $15,903) was expensed during the year (note 15).

7. Accounts payable and accrued liabilities

	2023	2022
Non-Government trade accounts payable	$ 5,045,152	$ 5,253,722
Government of Canada - Federal excise tax	53,316	52,830
Government of Canada - Goods and services tax	342,370	218,473
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	6,314	25,779
Department of Infrastructure	1,473	-
	$ 5,448,625	$ 5,550,804

8. Employee future benefits payable

Other Employee Future Benefits and Compensated Absences

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

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

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. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2023. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Fund.

8. Employee future benefits payable (continued)

Changes in Liability	Severance and Removal	Compensated Absences	2023	2022
Accrued benefit obligation, beginning of year	$ 119,542	$ 35,392	$ 154,934	$ 56,776
Benefits earned	4,816	2,332	7,148	5,006
Interest	4,840	1,487	6,327	1,763
Benefits paid	(3,855)	(2,927)	(6,782)	(4,783)
Actuarial (gains)/losses	(12,607)	(1,520)	(14,127)	96,217
Plan amendment	-	-	-	(44)
Accrued benefit obligation, end of year	112,736	34,764	147,500	154,935
Unamortized net actuarial loss	(73,707)	(28,061)	(101,768)	(127,810)
Accrued benefit liability	**$ 39,029**	**$ 6,703**	**$ 45,732**	$ 27,125

Benefits expense

	Severance and Removal	Compensated Absences	2023	2022
Current service cost	$ 4,816	$ 2,332	$ 7,148	$ 5,006
Interest cost	4,839	1,487	6,326	1,763
Amortization of net actuarial loss	7,329	4,586	11,915	2,574
Plan amendment	-	-	-	(44)
	$ 16,984	**$ 8,405**	**$ 25,389**	$ 9,299

The discount rate used in the 2022 fiscal year to determine the accrued benefit obligation is an average of 4.1% (2021 - 3.3%). The expected payments during the next five fiscal years are as follow:

	Severance and Removal	Compensated Absences	Total
2023	$ 20,892	$ 4,780	$ 25,672
2024	23,837	5,257	29,094
2025	17,335	4,323	21,658
2026	14,285	5,298	19,583
2027	10,732	4,359	15,091
Next 5 years	33,028	14,832	47,860
	$ 120,109	**$ 38,849**	**$ 158,958**

9. Due to the Government of the Northwest Territories

The amount due to the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	2023	2022
Balance, beginning of year	$ 38,915,766	$ 40,417,556
Payments made by the Government of the Northwest Territories		
Purchases of petroleum products	57,330,850	30,559,991
Other cash disbursements	9,826,388	9,821,974
Cash paid to the Government of the Northwest Territories	(40,053,087)	(41,883,755)
	$ 66,019,917	$ 38,915,766

10. Commitments

Fuel resupply contracts

The Fund has entered into contracts with Imperial Oil Limited, Midnight Petroleum Ltd., Midnight Petroleum Distributors Ltd., Arctic Petroleum Services and Summit Air for the supply and transportation of bulk petroleum destined for delivery to communities served by marine by barge, or by road by tanker truck. There are varying contracts with different termination dates; the earliest contract terminates in April 2023 and the last contract terminates in May 2025.

Community fuel delivery contracts

The Fund provides local fuel delivery services in 16 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Under these contracts, fixed commission rates are paid.

The total value of all commitments is estimated at $27,818,635 (2022 - $25,530,484) as follows:

2024	$ 22,681,111
2025	4,287,419
2026	850,105
	$ 27,818,635

11. Sales of petroleum products

	2023	2022
Non-Government	$ 11,009,437	$ 9,100,561
Government of Canada	382,767	306,396
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	19,359	10,394
Northwest Territories Health and Social Services Authority	48,681	38,820
Northwest Territories Housing Corporation	3,708,086	2,961,805
Northwest Territories Power Corporation	30,202,973	19,987,754
Tlicho Community Services Agency	30,271	20,416
Departments		
Education, Culture and Employment	1,027,340	796,236
Environment and Climate Change	26,012	24,511
Infrastructure	2,026,559	1,687,960
Municipality and Community Affairs	4,280	77,043
Local (Municipalities, Community Governments)	5,125,229	3,924,531
	$ 53,610,994	$ 38,936,427

12. Budget information

The budget figures are from the 2022-2023 Main Estimate approved by the Legislative Assembly of the Northwest Territories.

13. Comparative figures

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

14. Grant contribution - air freight

A one-time grant received from the Government to cover the cost of airlifting cargo and fuel that were not delivered to Sachs Harbour during 2022 sailing season.

15. Grant in kind

Financing charges

Management estimated that the Fund required up to $66 million (2022 - $40 million) in working capital with an estimated annual financing cost of $1,899,336 (2022 - $291,770).

Tangible capital assets - rent expenses

Tangible capital assets, i.e. fuel storage facilities and fuel delivery vehicles, are owned by the Government of the Northwest Territories. Tangible capital assets are amortized over the estimated useful life of the assets at the following rates and the expense is recognized as rent:

Buildings	40 years straight line, no salvage
Fuel storage facilities	30 years straight line, no salvage
Fuel delivery vehicles	10 years straight line, no salvage

	Cost	Accumulated Amortization	**2023**	2022
Fuel storage facilities	$ 61,186,706	$ 33,079,658	$ 28,107,048	$ 29,052,539
Fuel delivery vehicles	5,048,853	3,614,582	1,434,271	1,314,766
Construction in process	2,690,855	-	2,690,855	2,554,325
Buildings	561,513	183,305	378,208	391,311
	$ 69,487,927	$ 36,877,545	**$ 32,610,382**	$ 33,312,941

Rent expense for 2023 is $2,115,738 (2022 - $1,632,093).

16. Other revenues and expenses

Other revenues are transactions that generally occur outside of normal operations. They are generally comprised of transactions that have a flow-through effect such as direct expenses that are fully charged back to another party, as well as one-time transactions. Other transactions can include charged back revenue where the revenue is not directly related to expenses, and other miscellaneous revenue transactions such as returned cheque fees.

The transactions consist of the following:

	2023	2022
Other revenues		
Northwest Territories Power Corporation - Tank maintenance	$ 40,086	$ 907,565
Other recoveries	**-**	4,249
	40,086	911,814
Other expenses		
Write-down of inventory to net realizable value (note 6)	**-**	(15,903)
	$ 40,086	$ 895,911

17. 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.

(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 accounts receivable for a total of $23,077,196 (2022 - $8,231,219). The risk has increased from prior year.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion 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, 2023, receivables from one customer comprised 74% of the total outstanding accounts receivables (2022 - 67% from two customers). The Fund reduces this risk by monitoring overdue balances.

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

At March 31, 2023, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
Accounts receivable	$ 10,052,049	$ 2,337,607	$ 4,122,542	$ 16,512,198
Allowance for doubtful accounts	-	-	(378,179)	(378,179)
	$ 10,052,049	$ 2,337,607	$ 3,744,363	$ 16,134,019

17. 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 $71,677,759 (2022 - $44,657,261). 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.

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.

18. Related party transactions

Significant expenses incurred from related parties are as follows:

	2023	2022
Government of the Northwest Territories		
Marine Transportation Services - Revolving Fund - Cost of goods sold	$ 8,068,218	$ 5,643,606
Marine Transportation Services - Revolving Fund - Contracts and purchased services	6,946	-
Department of Infrastructure - Contracts and purchased services	8,333	6,424
Northwest Territories Power Corporation - Utilities	495,928	482,353
	$ 8,579,425	$ 6,132,383

PUBLIC STORES REVOLVING

FOR THE YEAR ENDED MARCH 31, 2023

Unaudited

Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 2023

Public Stores	Balance March 31, 2022	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2023
	$	$	$	$	$	$
Yellowknife	191,786			0	0	191,786
		102,252	(81,376)	0	0	20,876
	191,786	**102,252**	**(81,376)**	**0**	**0**	**212,662**

Prepared by: Shamir Siraj

Shamir

Date July 24, 2023

Finance and Administration Manager (NSRO)

Approved: Jason Carroll

J Carroll

Date July 24, 2023

Regional Superintendent (NSRO)

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2023

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2023	**Page**

Management's Responsibility for Financial Reporting

To the Minister of Infrastructure
Government of the Northwest Territories

The accompanying financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgements.

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 Yellowknife Airport 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.

Randy Straker, Regional Airport Manager
Yellowknife Airport Revolving Fund
Yellowknife, Northwest Territories
December 1, 2023, 2022

INDEPENDENT AUDITOR'S REPORT

To the Minister of Infrastructure

Government of Northwest Territories

Qualified Opinion

We have audited the accompanying financial statements of Yellowknife Airport Revolving Fund (the “Fund”), which comprise the statement of financial position as at March 31, 2023, and the statement of operations and accumulated surplus, the statement of changes in net financial assets, the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Yellowknife Airport Revolving Fund as at March 31, 2023, 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.

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Yellowknife Airport Revolving Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenses and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenses, annual surplus and cashflows from operations for the years ended March 31, 2023 and March 31, 2022 and payroll liabilities, employee future benefits, net financial assets, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits. The audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effect of this limitation in scope.

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government of the Northwest Territories ("the Government") Department of Infrastructure and were transferred to the Fund at their carrying amounts at July 1, 2017, excluding runways which were transferred April 1, 2018 and additional capital assets which were identified and transferred April 1, 2019. The tangible capital assets recorded were limited to those assets identified in the Government's accounting records and have not been verified. As such, the tangible capital asset amounts and related amortization expense reported may not be complete. Accordingly, we were not able to determine whether any adjustments might be necessary to tangible capital assets and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years and amortization expense and annual surplus for the years ended March 31, 2023 and March 31, 2022. The audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effect of this limitation in scope.

Inventory records were not updated to reflect the quantities on hand at March 31, 2023 based on year-end inventory count procedures and obsolete inventory has been identified but the value of obsolete inventory has not been determined as such we were not able to satisfy ourselves concerning the quantity and value of inventory. Accordingly, we were not able to determine whether any adjustments might be necessary to expenses, surplus, inventory and cash flows from operations for the year ended March 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Yellowknife Airport Revolving Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor that expressed a qualified opinion for the above noted issues related to employee compensation and benefits, tangible capital assets inventory on July 28, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EPR Yellowknife Accounting Prof. Corp.

Yellowknife, NT	EPR Yellowknife Accounting Professional Corporation
December 1, 2023	Chartered Professional Accountants

Yellowknife Airport Revolving Fund

Statement of Financial Position

March 31,		2023		2022
Financial Assets				
Accounts receivable (Note 4)	$	**2,419,359**	$	1,653,388
Due from the Government of the Northwest Territories		**13,590,238**		10,427,735
		16,009,597		12,081,123
Financial Liabilities				
Accounts payable and accrued liabilities		**600,720**		593,380
Deferred revenue (Note 7)		**9,236,698**		7,427,003
Employee future benefits (Note 8)		**599**		39,150
Security deposits		**-**		81,769
		9,838,017		8,141,302
Net Financial Assets		**6,171,580**		3,939,821
Non-Financial Assets				
Inventories held for use		**497,290**		497,290
Tangible capital assets		**42,567,760**		42,930,478
Prepaid expenses		**6,128**		4,721
		43,071,178		43,432,489
Accumulated Surplus	$	**49,242,758**	$	47,372,310

Contractual Obligations (Note 13)
Contractual Rights (Note 14)

Approved:

See accompanying notes

Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets

For the year ended March 31,	Budget	2023	2022
Annual Surplus	$ 1,870,448	**$ 1,870,448**	$ 4,882,082
Change in prepaid expenses	-	**(1,408)**	(7,411)
Acquisition of tangible capital assets	-	**(2,212,719)**	(6,385,384)
Amortization of tangible capital assets	-	**2,575,438**	2,112,824
Increase (decrease) in Net Financial Asset	1,870,448	**2,231,759**	602,111
Net Financial assets, beginning of year	3,939,821	**3,939,821**	3,337,710
Net financial assets, end of year	$ 5,810,269	**$ 6,171,580**	$ 3,939,821

See accompanying notes

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus

For the year ended March 31,	Budget	2023	2022
Revenue			
Aeronautical revenue (Note 15)	$ 7,944,000	**$ 6,021,912**	$ 4,355,518
Non-aeronautical revenue (Note 15)	3,356,000	**3,009,024**	2,630,677
	11,300,000	**9,030,936**	6,986,195
Government transfers (Note 10)	-	**2,578,674**	3,573,514
Airport improvement fees	1,500,000	**624,784**	3,855,111
	12,800,000	**12,234,394**	14,414,820
Expenses (Note 16)			
Airport capital	2,703,000	**2,575,438**	2,112,824
Finance and administration	-	**1,080,179**	1,184,364
Operations and maintenance	-	**3,580,418**	3,389,202
Safety and security	-	**3,188,818**	2,882,034
	10,398,000	**10,424,853**	9,568,424
Operating Surplus before other items	2,402,000	**1,809,541**	4,846,396
Other items			
Grant-in-kind, occupancy costs (Note 11)	-	**1,439,801**	1,158,753
Occupancy costs (Note 11)	-	**(1,439,801)**	(1,158,753)
Recovery of prior year expenses	-	**60,907**	35,687
	-	**60,907**	35,687
Annual Surplus	2,402,000	**1,870,448**	4,882,082
Accumulated surplus, beginning of year	47,372,310	**47,372,310**	42,490,228
Accumulated surplus, end of year	$ 49,774,310	**$ 49,242,758**	$ 47,372,310

See accompanying notes

Yellowknife Airport Revolving Fund

Statement of Cash Flows

For the year ended March 31,		2023		2022
Cash provided by (used in)				
Operating activities				
Annual Surplus	$	**1,870,448**	$	4,882,082
Items not affecting cash:				
Amortization		**2,575,438**		2,112,824
		4,445,886		6,994,906
Changes in non-cash assets and liabilities				
Accounts receivable		**(765,970)**		(828,280)
Accounts payable and accrued liabilities		**7,341**		53,942
Deferred revenue		**1,809,695**		(2,260,860)
Employee future benefits		**(38,552)**		4,832
Prepaid expenses		**(1,408)**		6,668
Security deposits		**(81,769)**		-
Due from Government of the Northwest Territories		**(3,162,504)**		2,428,255
Cash from operating activities		**2,212,719**		6,399,463
Investing activities				
Acquisition of tangible capital assets		**(2,212,719)**		(6,385,384)
Disposal of capital assets		**-**		(14,079)
Cash used in investing activities		**(2,212,719)**		(6,399,463)
Increase in cash		**4,445,886**		6,994,906
Cash, beginning and end of period.	**$**	**-**	$	-

See accompanying notes

1. Nature of operations

The Yellowknife Airport Revolving Fund revolving fund (the "Fund") was established July 1, 2017 for the purpose of meeting the capital, operating and maintenance requirements of the Yellowknife Airport. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories Financial Administration Act. The Yellowknife Airport Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund can receive working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is $36 million. The balance of the fund is reported as due to or from the Government on the Statement of Financial Position, as applicable.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

(a) Cash

The Fund does not maintain a bank account. All funds received are recorded and deposited to the Government's general bank account and are maintained by the Government's Treasury. Similarly, all payments for the Fund are made from the Government's general bank account. The balance in Treasury attributable to the Fund is reflected in the financial statements as amount due from the Government and is disclosed in note 5.

(b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and provision of services has occurred, when the price is fixed or determinable and when collectability is reasonable assured.

Landing and terminal fees, apron fees, and parking revenues are recognized when the Airport facilities are utilized.

Concession fee revenue is recognized based on the highest of the agreed upon percentage of reported concessionaire sales or the specified minimum rentals in the period in which the rentals occur. Lease revenues are recognized straight-line basis over the duration of the underlying agreements.

Recoveries are recognized when the service is performed or the goods are provided. Airport improvement fee revenue is recognized as income in the period that eligible capital airport improvement costs are incurred.

2. Significant accounting policies (continued)

(c) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(d) Tangible capital assets

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government and were transferred to the Fund at July 1, 2017, April 1, 2018 and April 1, 2019 at their carrying amounts, accordingly the tangible capital assets are reflected in these financial statements. The Fund amortizes the tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years straight-line, no salvage
Water/sewer works	12-25 years straight-line, no salvage
Machinery, equipment and vehicles	5-15 years straight-line, no salvage
Airstrips/runways	10-40 years straight-line, no salvage
Fuel tanks	15-40 years straight-line, no salvage

Tangible capital assets acquired by the Fund after July 1, 2017 are the property of the Fund and are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset.

The cost of self-constructed assets includes expenditures on materials, direct labour, financing costs and an allocated proportion of project overheads. When the cost of replacing part of a tangible capital asset is capitalized, the carrying amount of the replaced part is derecognized. Any gain or loss on disposal or retirement of a tangible capital asset is determined as the difference between the proceeds from disposal and the carrying amount of the asset and is recognized in surplus.

Maintenance and repair expenses that do not improve or extend productive life are expensed in the period incurred.

Work in progress represents capital projects under construction but not completed and are valued at cost. Capital assets under construction are transferred to tangible capital assets when the asset is available for use and amortization will commence at that time.

2. Significant accounting policies (continued)

(e) Inventories of supplies

Inventories of supplies are valued at the lower of cost and replacement value, with cost being determined using the weighted average cost method. Inventories of supplies include chemicals, fuel, parts and supplies.

(f) Pension and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognised net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

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. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff. 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 recognized when the leave commences. As actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

2. Significant accounting policies (continued)

(g) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial value is adjusted for financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial instruments measured at amortized cost include accounts receivable, due from the Government of the Northwest Territories and accounts payable and accrued liabilities.

There are no financial instruments subsequently measured at fair value.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(h) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities, Government departments.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. The cost allocations are recorded on a gross basis.

The Fund does not record the estimated cost of services provided by Government departments for no charge. The Fund receives the following services provided at no charge; payroll processing, insurance and risk management, legal counsel, records storage and computer operations.

2. Significant accounting policies (continued)

(i) 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. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the Fund 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.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As the Government of the Northwest Territories controls the land used by the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation.

2. Significant accounting policies (continued)

(j) Related parties

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 (g). The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments
- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies
- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- NWT Environmental Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

3. Future accounting changes

(a) Revenue, Section PS 3400

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. Management is assessing the impact of the new standards.

4. Accounts receivable

	Accounts receivable	Allowance for doubtful accounts	Net 2023	Net 2022
Accounts receivable	$ 2,435,732	$ 16,373	$ 2,419,359	$ 1,653,388

5. Due from the Government of the Northwest Territories

The amount due from the Government of the Northwest Territories represents the balance attributable to the Fund held by the Government Treasury. The changes in the Fund's balance is as follows:

	2023	2022
Balance, beginning of year	$ 10,427,735	$ 12,855,990
Add: cash received by Treasury on behalf of the Fund	9,152,590	13,622,226
Less: payments made by the Treasury on the Fund's behalf	(6,049,653)	(16,050,481)
Add: government transfers receivable from the GNWT.	-	-
Balance, end of the year	$ 13,530,672	$ 10,427,735

The funds held by the Government Treasury are part of the consolidated revenue fund and are non-interest bearing with no set terms of repayment.

6. Airport improvement fees

The GNWT, acting on behalf of the Fund, entered into a Memorandum of Agreement (“the Agreement") dated July 1, 2017 with Signatory Air Carriers operating from the Yellowknife Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees ("AIF") by air carriers through their ticketing processes. AIF revenues can only be used for the Yellowknife Airport Capital Program.

AIF fees are charged at $10 per departing passenger in the Northwest Territories and $20 per departing passenger outside the Northwest Territories

Airport improvement fee summary since implementation, July 1, 2017:

		2023		2022
Cumulative AIF revenue	**$**	**16,666,992**	$	13,490,895
Cumulative AIF expenses		**(8,582,868)**		(7,958,084)
Surplus of revenue over expenses	**$**	**8,084,124**	$	5,532,811

The excess of AIF revenues over expenses is recorded as deferred revenue.

7. Deferred revenue

Deferred revenue is composed of:

		2023		2022
Airport Improvement fees	**$**	**8,084,124**	$	5,532,811
Government transfers - Airfield Drainage project		**-**		990,739
Government transfers - ACAP equipment purchases		**1,030,195**		760,750
Prepaid lease revenues		**122,379**		142,703
Surplus of revenue over expenses	**$**	**9,236,698**	$	7,427,003

8. Employee future benefits

Other Employee Future Benefits and Compensated Absences

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

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

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. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

Valuation Results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2023. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Fund.

Changes in Liability	**2023**	**2022**
Accrued benefit obligation, beginning of year	**$ 52,747**	$ 64,042
Benefits earned	**3,446**	4,863
Interest	**2,238**	2,087
Benefits paid	**(45,203)**	(4,428)
Actuarial (gains)/losses	**38,675**	(13,817)
Accrued benefit obligation, end of year	**51,903**	52,747
Unamortized net actuarial loss	**(51,303)**	(13,597)
Accrued benefit liability	**$ 600**	$ 39,150

8. Employee future benefits (continued)

		2023		2022
Current service cost	$	**3,446**	$	4,863
Interest cost		**2,238**		2,087
Amortization of net actuarial (gain) loss		**969**		2,310
	$	**6,653**	$	9,260

The discount rate used to determine the accrued benefit obligation is an average of 4.8% (2022 - 4.1%). The expected payments during the next five fiscal years are:

		Total
2024	$	3,723
2025		5,132
2026		4,838
2027		4,683
2028		4,227
	$	22,603

9. Tangible capital assets

	Cost	Accumulated Amortization	March 31, 2023	March 31, 2022
Buildings	**$ 29,938,383**	**$ 5,866,580**	**$ 24,071,803**	$ 25,270,161
Fuel Tanks	**109,924**	**7,328**	**102,596**	106,260
Machinery, equipment and vehicles	**10,594,210**	**2,800,198**	**7,794,012**	7,414,719
Water/sewer works	**453,919**	**143,975**	**309,944**	333,941
Airstrips/runways	**12,873,906**	**2,664,123**	**10,209,783**	8,481,356
Work in progress	**79,620**	**-**	**79,620**	1,324,041
	$ 54,049,962	**$ 11,482,204**	**$ 42,567,760**	$ 42,930,478

Schedule 1 provides a breakdown of tangible capital assets and work in progress

10. Government transfers

The Fund received and recorded as revenue the following grants:

Received from	Type of transfer	Project		2023		2022
Transport Canada	Capital	Runway Lighting Upgrades;	**$**	**-**	$	2,064,948
Transport Canada	Capital	Aircraft Rescue Fire Fighting Vehicle		**-**		1,508,566
Transport Canada	Capital	Airfield Drainage		**2,578,674**		-
				-		-
			$	**2,578,674**	$	3,573,514

11. Grant-in-kind

Cost allocations recorded by the Fund relate to the utility costs associated with the Airport facilities incurred by the Department of Infrastructure, and recognized as occupancy costs and a grant in kind from the Government. The utilities are based on actual costs to the Department of Infrastructure.

12. Budget information

The budget figures are from the 2022-2023 Main Estimate approved by the Legislative Assembly of the Northwest Territories

13. Contractual obligations

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2023 the commitments amounted to $3,864,699. The annual payments for these commitments are as follows:

	2024	2025	2026	2027
Service contracts	$ 1,872,609	$ 1,525,678	$ 408,148	$ 58,264

14. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Fund's contractual rights arise because of contracts entered into for leases and licenses. The contractual rights of the Fund are as follows:

	2024	2025	2026	2027	2028 and thereafter
Leases	$ 3,040,573	$ 2,644,913	$ 2,202,330	$ 2,140,057	$ 20,584,760
Licenses	327,556	189,986	143,324	130,214	559,214
	$ 3,368,129	**$ 2,834,899**	**$ 2,345,654**	**$ 2,270,271**	**$ 21,143,974**

15. Revenue by object

The following is a summary of aeronautical and non-aeronautical revenues by object:

For the year ended March 31,	Budget	2023	2022
Concession fees	$ 430,000	$ 190,034	$ 134,818
Aeronautical	7,944,000	6,021,912	4,093,631
Leases	2,886,000	2,606,877	2,293,509
Parking	40,000	286,747	18,145
Recoveries	-	211,084	438,802
Other	-	14,282	7,290
	$ 11,300,000	**$ 9,330,936**	**$ 6,986,195**

16. Expenses by object

For the year ended March 31,	Budget	2023	2022
Amortization	$ 2,703,000	$ 2,575,438	$ 2,112,824
Bad debts (recovery)	10,000	-	-
Computer hardware and software	225,000	203,914	226,874
Contract services	1,800,000	1,608,895	1,551,354
Fees and payments	40,000	13,912	21,572
Materials and supplies	600,000	783,659	516,739
Purchased services	60,000	71,790	60,563
Travel	30,000	5,112	286
Utilities	130,000	209,720	159,280
Salaries and benefits	4,800,000	4,952,413	4,918,932
	$ 10,398,000	**$ 10,424,853**	**$ 9,568,424**

17. 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

(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 and due from the Government of the Northwest Territories.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of $16,009,597 (2022 - $12,081,123). Accounts receivable are due from various corporations. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. At March 31, 2023, the accounts receivable aging profile is as follows:

	0-30 days	31-60 days	61-90 days	Over 90 days	Total
Accounts receivable	$ 2,231,557	$ 122,598	$ -	$ 65,204	$ 2,419,359

The Fund's management has determined that a portion of account receivable is impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is $16,373 (2022 - $100,313).

Management believes the risk exposure related to amounts due from the Government of the Northwest Territories is minimal given the Government's stability and strong credit worthiness.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of default. The Fund does have concentration risk. At March 31, 2023, receivables two (2022 - two) customers comprise 55% (2022 - 51%) of the total outstanding accounts receivable. The Fund reduces this risk by monitoring overdue balances. The Fund also has concentration risk related to the amount due from the Government of Northwest Territories, which is stable and credit worthy, as stated above.

The Fund derives a substantial portion of its revenues from airlines through airfield and passenger processing fees and through airlines' collection of airport improvement fees on its behalf. The air transportation traffic that drives these revenues is from inter-territorial, domestic and cargo traffic from multiple airlines. Due to this diversification, the concentration risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash flow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected outflows.

The Fund's maximum exposure to liquidly risk is represented by financial liabilities totaling $600,720 (2022 - $593,380). Financial liabilities consist of accounts payable and accrued liabilities. All of the Fund's financial assets and financial liabilities as at March 31, 2023 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 13.

Yellowknife Airport Revolving Fund **SCHEDULE 1**

Schedule of Tangible Capital Assets

March 31, 2023

	Buildings	Fuel Tanks	Machinery, Equipment and Vehicles	Water & sewer Works	Airstrips	Work-In-Progress	2023	2022
Cost								
Balance, beginning of the year	$ 29,938,383	$ 109,924	$ 9,457,168	$ 453,919	$ 10,553,808	$ 1,324,041	$ 51,837,243	$ 45,451,859
Add: additions during the year	-	-	1,137,042	-	1,075,677	-	2,212,719	6,385,384
Add: transfers to tangible capital assets	-	-	-	-	1,244,421	(1,244,421)	-	-
Balance, end of year	29,938,383	109,924	10,594,210	453,919	12,873,906	79,620	54,049,962	51,837,243
Accumulated amortization								
Balance, beginning of the year	4,668,222	3,664	2,042,449	119,979	2,072,452	-	8,906,765	6,808,020
Add: amortization	1,198,358	3,664	757,749	23,996	591,671	-	2,575,438	2,112,824
Less: adjustment	-	-	-	-	-	-	-	(14,079)
Balance, end of year	5,866,580	7,328	2,800,198	143,975	2,664,123	-	11,482,203	8,906,765
Net book value	**$ 24,071,803**	**$ 102,596**	**$ 7,794,012**	**$ 309,944**	**$ 10,209,783**	**$ 79,620**	**$ 42,567,760**	**$ 42,930,478**

Environment Fund

Financial Statements

March 31, 2023

Environment Fund

Financial Statements

March 31, 2023

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. Management takes responsibility for the presentation of these financial statements. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designated to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Environment Fund.

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

(for) Erin Kelly, PhD.
Deputy Minister
Department of Environment and Climate Change

Hilda Balsillie
Acting Director, Finance and Capital Planning
Department of Environment and Climate Change

June 29, 2023

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Independent Auditors' Report

To the Minister of Environment Fund

Qualified Opinion
We have audited the financial statements of the Environment Fund, which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Environment Fund as at March 31, 2023 and the results of its operations and changes in fund balances for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profits.

Basis for Qualified Opinion
The Environment Fund relies on reports prepared by distributors, processing centres and depots for the recording of beverage container program fee revenues $6,003,039 (2022 - $6,076,740), depot handling fees $846,341 (2022 - $906,792), processing fees $479,176 (2022 - $653,854) and refundable deposits $2,401,953 (2022 - $2,380,022). 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 or expenses for the years ended March 31, 2023 and 2022, accounts receivable, accounts payable or fund balances as at March 31, 2023 and 2022.

The Environment Fund includes a liability for unredeemed containers in the amount of $898,325 (2022 - $911,511) that is derived from 15% of total beverage container program fees. The 15% could not be independently verified, and consequently, our review of this liability was limited to the value provided by management. As a result, we are unable to determine if adjustments would be required to the liability for the years ended March 31, 2023 and 2022.

Wages and benefits of $1,047,725 (2022 - $1,189,831) were paid to employees of the Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of wages and benefits expenses and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to wages and benefits expenses for the years ended March 31, 2023 and 2022, liabilities and fund balances as at March 31, 2023 and 2022.

Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of these limitations in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditors' Report (continued)

Other Matter
Management is responsible for the other information. The other information comprises the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Yellowknife, Canada
June 29, 2023

Chartered Professional Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	**2023**	2022
Revenues		
Beverage Container Program (schedule 1)	**$ 6,879,795**	$ 6,448,470
Electronic Recycling Program (schedule 2)	**216,655**	271,757
Other Programs and Initiatives (schedule 3)	**434,391**	684,105
	7,530,841	7,404,332
Expenses		
Beverage Container Program (schedule 1)	**5,191,502**	5,333,415
Electronic Recycling Program (schedule 2)	**271,702**	304,229
Other Programs and Initiatives (schedule 3)	**734,203**	1,045,987
	6,197,407	6,683,631
Excess of revenues over expenses	**$ 1,333,434**	$ 720,701

See accompanying notes

Environment Fund

Statement of Changes in Fund Balances

For the year ended March 31, 2023

	Unrestricted	Equipment replacement reserve	Total 2023	Total 2022
Balance, beginning of year	$ 6,990,448	$ 484,471	**$ 7,474,919**	$ 6,754,218
Excess of revenues over expenses	1,333,434	-	**1,333,434**	720,701
Transfer to reserve (Note 3c)	(30,396)	30,396	**-**	-
Balance, end of year	**$ 8,293,486**	**$ 514,867**	**$ 8,808,353**	$ 7,474,919

Environment Fund

Statement of Financial Position

March 31,	**2023**	2022
Assets		
Accounts receivable	**$ 1,059,129**	$ 806,770
Due from Treasury (note 5)	**9,003,106**	8,317,443
Loan receivable	**-**	6,122
	$ 10,062,235	$ 9,130,335
Liabilities		
Accounts payable and accrued liabilities	**$ 355,557**	$ 743,905
Unredeemed container liability (note 6)	**898,325**	911,511
	1,253,882	1,655,416
Fund balances		
Unrestricted	**8,293,486**	6,990,448
Equipment replacement reserve	**514,867**	484,471
	8,808,353	7,474,919
	$ 10,062,235	$ 9,130,335

Approved on behalf of the Board:

(for) Deputy Minister

Acting Director, Finance and Capital Planning

See accompanying notes

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 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 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 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 Climate Change advised it will be examining other waste reduction and recovery programs that could, in the future, become part of the Fund.

Effective April 1, 2023 the Department of Environment and Natural Resources merged with the Department of Lands to form the Department of Environment and Climate Change.

2. Change in accounting policy

Section PS 3280, Asset Retirement Obligations, was issued by the Public Sector Accounting Standards Board (PSAB or the "Board") August 2018. It is effective for fiscal years beginning on or after April 1, 2022. The standard provides guidance on how to account for and report a liability for asset retirement obligations ("AROs"). The adoption of this new standard had no impact on the financial statements.

3. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian public sector accounting standards for government not-for-profits.

The significant accounting policies used are as follows:

(a) Revenue recognition

Beverage Container Program revenue, Single-use Retail Bag Program, and Electronics Recycling Program revenue 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 or receivable.

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.

Interest revenue is recognized as it is earned.

(b) Capital assets

The capital assets managed by the Fund are not included in these financial statements as they are not capital assets of the Fund.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation. Asset retirement obligations are the responsibility of the Department of Environment and Climate Change.

(c) Reserve funds

Restrictions have been placed on surplus to reserve funds for future operations:

This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement. The Equipment replacement reserve is 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 2023 transfer is $30,396 (2022 - $30,396).

3. Significant accounting policies (continued)

(d) Contributed services

The Department of Environment and Climate Change maintains the accounts of the 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.

(e) Start-up funding

The Department of Environment and Climate Change 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"); as a result a Statement of Cash Flows has not been presented.

(g) Financial instruments

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

This category includes accounts receivable, loans receivable, due from treasury, accounts payable and accrued liabilities, and unredeemed container liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of Operations.

(h) Related party transactions

The transactions with related parties are carried out in the normal course of operations. Expenses and revenues were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Payables and receivables were measured at cost, determined using their undiscounted cash flows. No differences resulted from these transactions.

3. Significant accounting policies (continued)

(i) Use of estimates

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. Estimates include allowance for doubtful accounts, accrued liabilities and the unredeemed container liability.

4. Future accounting changes

Revenue, Section PS 3400

This new section established standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

This Section is effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

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. The monies for these investments flow out of the CRF and do not affect the cash balances of the participants. The investment pool revenues are prorated and allocated to the participants.

6. Unredeemed container liability

The unredeemed container liability is an amount that is equal to 15% (2022 - 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. This liability has been disclosed in accordance with the *Waste Reduction and Recovery Act*.

7. Related party transactions

The Fund is related in terms of common control of all Government of the Northwest Territories departments, agencies and Crown Corporations. 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 Climate Change, as outlined in Note 3 (d).

The Fund entered into transactions with the following entities subject to common control:

NWT Liquor Commission
Government of the Northwest Territories - Human Resources
Marine Transportation Services
École Sir John Franklin High School
Chief T'Seleye School

	2023	2022
Revenue		
NWT Liquor Commission - Beverage container program fees	**$ 1,928,641**	$ 1,990,693
Government of the Northwest Territories - Human Resources - Payroll	**$ 1,047,725**	$ 1,189,831
Chief T'Seleye School - Grants and contributions	**10,348**	10,423
École Sir John Franklin High School - Grants and contributions	**7,072**	-
Marine Transportation Services - Freight	**57,333**	37,700
	$ 1,122,478	$ 1,237,954

	2023	2022
Accounts receivable		
NWT Liquor Commission	**$ 279,424**	$ 157,753
Accounts payable and accrued liabilities		
École Sir John Franklin High School	**$ 786**	$ -
Chief T'Seleye School	**873**	-
	$ 1,659	$ -

8. 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.

(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 they become due.

The Fund is exposed to this risk relating to its accounts receivable, loans receivable, and due from Treasury. Accounts receivable are amounts due from government agencies and participating retailers of the Beverage Container Program. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment. Credit risk related to due from Treasury is mitigated by fiscal policy set by the Government of the Northwest Territories which includes a yearly budget.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of $10,062,235 (2022 - $9,124,213). All financial assets are considered current except for the loan receivable. The risk has not changed from prior year.

(b) Concentration of credit risk

Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. The Fund does have a concentration of credit risk.

Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

At March 31, 2023 receivables from 3 (2022- 3) customers comprised approximately 65% (2022 - 48%) of the total outstanding receivables. The Fund reduces this risk by regularly assessing the credit risk associated with these accounts.

(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 rates. The Fund's interest-bearing financial instruments includes the Due from Treasury, with interest rates set by the Government of the Northwest - Department of Finance, Investment pool described in note 5.

Schedule of Beverage Container Program

Schedule 1

	2023	2022
Revenues		
Beverage container program fees	$ 6,003,039	$ 6,076,740
Salvage	574,321	312,916
Interest revenue	288,625	57,553
Recoveries	13,810	1,261
	6,879,795	6,448,470
Expenses		
Advertising and promotion	6,737	-
Contract service - satellite depot	57,694	58,855
Depot handling fees	846,341	906,792
Equipment, supplies and maintenance	215,664	206,356
Freight	387,563	374,001
Grants and contributions	117,933	86,390
Insurance	19,382	21,003
Office and software	9,010	8,508
Processing centre handling fees	479,176	653,854
Processing centre salvage	114,199	63,286
Professional fees	-	34,191
Quality control fees	24,750	41,044
Refundable deposit fees	2,401,953	2,380,022
Storage	57,450	60,200
Travel and training	36,352	1,551
Wages and benefits	417,298	437,362
	5,191,502	5,333,415
Excess of revenues over expenses	$ 1,688,293	$ 1,115,055

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Electronic Recycling Program

Schedule 2

	2023	2022
Revenues		
Electronic recycling program fees	**$ 216,655**	$ 271,757
Expenses		
Advertising and promotion	**675**	5,160
Contract service - satellite depot	**-**	2,500
Depot, processing centre and recycling fees	**100,052**	109,197
Equipment, supplies and maintenance	**85**	1,150
Freight	**21,318**	18,470
Professional fees	**36,195**	36,777
Storage	**5,600**	6,000
Travel and training	**1,168**	-
Wages and benefits	**106,609**	124,975
	271,702	304,229
Deficiency of revenues over expenses	**$ (55,047)**	$ (32,472)

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Other Programs and Initiatives

Schedule 3

	2023	2022
Revenues		
Single-use retail bag program fees	**$ 434,391**	$ 684,105
Expenses		
Advertising and promotion	**4,052**	17,544
Grants and contributions	**106,713**	220,091
Contract services - satellite depot	**28,437**	25,699
Office	**5,513**	21,600
Professional fees	**54,295**	132,079
Travel and training	**11,377**	1,480
Wages and benefits - Single-use retail bag program	**119,314**	82,669
Wages and benefits - Policy development	**370,005**	498,822
Wages and benefits - Waste reduction and recycling	**34,497**	46,003
	734,203	1,045,987
Deficiency of revenues over expenses	**$ (299,812)**	$ (361,882)

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT

FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

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NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
TERRITOIRES DU NORD-OUEST
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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 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:

Frederick Blake Jr., Speaker

Glen Rutland, Clerk

September 25, 2023

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Kīci Okimänähk Mämawapowin • Beba ʔeɬígíth ʔela Déɬtth'i Kų́é • Ek'ètehtsodǫ Legehdi Kǫ̀ • K'áowe gogha elek'éterewe ke łénakedé
Gogha Sombaa Nálée • Dagwidįį'è' Tr'igwahtsii Geenjit Nadhat Kat • Legislative Assemblitkut • Ihumiurviat Maligutaliatigun • ᒪᓕᒐᓕᐅᖅᑎᑦ

ASHTON
Chartered Accountants
Business Advisors

Suite 8 – 6 Courtoreille Street
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INDEPENDENT AUDITORS' REPORT

To the Members of Legislative Assembly Retiring Allowance Fund

Opinion

We have audited the financial statements of Legislative Assembly Retiring Allowance Fund (the Fund), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ashton

Hay River, Northwest Territories
September 25, 2023

Ashton Chartered Professional Accountants

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF FINANCIAL POSITION
March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	$ 35,894	$ 16,643
Accrued Interest Income	-	18,502
	35,894	35,145
INVESTMENTS (Note 4)	23,250,267	23,968,061
	$ 23,286,161	$ 24,003,206
LIABILITIES		
CURRENT		
Accounts Payable	$ 52,511	$ 37,053
NET ASSETS AVAILABLE FOR BENEFITS per page 2	23,233,650	23,966,153
PENSION OBLIGATIONS per page 3 (Note 5)	18,566,700	19,948,300
PENSION PLAN FUND SURPLUS	4,666,950	4,017,853

APPROVED

Speaker

Clerk

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2023

	2023	2022
INCREASE IN ASSETS		
Contributions:		
Members	236,162	224,854
Government of the NWT	856,000	856,000
In-Kind Contributions	8,500	7,500
	1,100,662	1,088,354
Investment Income:		
Interest	534,177	325,776
Dividends	305,581	259,104
Gain on Sale of Investments	781,238	1,687,947
	1,620,996	2,272,827
Current Period Change in Fair Values of Investments	(2,098,658)	(1,734,036)
Net Investment Income (Loss)	(477,662)	538,791
Total Increase in Assets	623,000	1,627,145
DECREASE IN ASSETS		
Benefits		
Pension Payments	1,074,910	1,054,627
Termination/Lump sum Payments	115,764	22,974
Total Benefits	1,190,674	1,077,601
Administrative		
Actuary Fees	34,537	24,396
Audit Fees	8,500	7,500
Investment Management Fees	84,772	78,448
Meeting Travel & Accommodation	13,456	-
Trustee Fees	23,564	25,867
Total Administrative	164,829	136,211
Total Decrease in Assets	1,355,503	1,213,812
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	$ (732,503)	$ 413,333
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	23,966,153	23,552,820
END OF YEAR	$ 23,233,650	$ 23,966,153

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2023

	2023	2022
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Benefits	$ 890,000	$ 863,000
Benefits Accrued	868,000	849,000
Experience Loss	-	-
	1,758,000	1,712,000
DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	$ 1,188,000	$ 1,070,000
Experience Gains	1,951,600	-
	3,139,600	1,070,000
INCREASE (DECREASE) IN PENSION OBLIGATIONS	642,000	(1,381,600)
PENSION OBLIGATIONS, BEGINNING OF YEAR	19,948,300	19,306,300
PENSION OBLIGATIONS, END OF YEAR	$ 18,566,700	$ 19,948,300
AS REPRESENTED BY		
Active Members	$ 4,633,900	$ 4,375,100
Pensioners & Terminated Members	13,932,800	15,573,200
	$ 18,566,700	$ 19,948,300

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

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, 2023

1. DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

Two percent of the average best total earnings over four years multiplied by Credited Services as a Member

Note that prior to the amendment in 2011, the retirement pension was determined as follows:

Two percent of the average best earnings over four years as an MLA multiplied by Credited Services as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 71.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

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 principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the-calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

3. ACCOUNTS RECEIVABLE

	2023	2022
Member Contributions	$ 27,394	$ 9,143
In-Kind Contributions- GNWT	8,500	7,500
	$ 35,894	$ 16,643

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:

	2023 Cost	2023 Market	2022 Cost	2022 Market
Cash & Cash Equivalents	127,596	127,594	89,132	89,132
Canadian Equity Mutual Funds	4,063,399	4,129,509	3,648,522	4,329,714
International Equity Mutual Funds	6,752,056	7,335,466	7,465,909	8,218,315
Temporary Investments	124,475	124,475	90,890	90,890
Canadian Fixed Income Funds	13,471,026	11,533,223	9,475,254	8,397,179
Government of Canada Bonds	-	-	1,957,327	2,175,035
Province of Ontario Bonds	-	-	430,653	667,796
	$ 24,538,552	$ 23,250,267	$ 23,157,687	$ 23,968,061

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.

TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

4. INVESTMENTS, continued

The fair value hierarchy as described in not 2(c) requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The total investment portfolio by fair value hierarchy is as follows:

	2023	2022
Level 1	$ 23,250,267	$ 23,968,061

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, 2020.

The data and assumptions used for the March 31, 2023 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2020.

The actuarial liability and cost of benefits accruing after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method.

The following were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2023	2022
Valuation Interest Rate (net of expenses)	4.40%	4.40%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	5.20%	4.40%
Inflation Rate	2.00%	2.00%

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, 2020 and the related report completed in April 2021. The next actuarial valuation will be completed for April 1, 2024.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2023 has been obtained using a measurement date of January 31, 2023 by increasing the April 1, 2020 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2023

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.

6. FINANCIAL INSTRUMENTS, continued

c) Credit Risk

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

d) Concentration Risk

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

e) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The government of Northwest Territories (GNWT), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan should they occur.

6. FINANCIAL INSTRUMENTS, continued

f) Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates. The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole. Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

g) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

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, 2023, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On September 25, 2023 the Board of Management authorized the issue of the financial statements for the year ended March 31, 2023.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

Yellowknife, NT

FINANCIAL STATEMENTS

For the year ended March 31, 2023

TABLE OF CONTENTS

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("the Act"). Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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

Hilda Balsillie
Director, Financial and Capital Planning
Department of Environment and Climate Change

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Natural Resources of
The Natural Resources Conservation Trust Fund

Opinion
We have audited the financial statements of The Natural Resources Conservation Trust Fund (the "Fund"), which comprise the Statement of Financial Position as at March 31, 2023, and the Statements of Operations and Changes in Fund Balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the *Natural Resources Conservation Trust Ac*t of the Northwest Territories (the "Act").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Natural Resources Conservation Trust Act of the Northwest Territories, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT, continued

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves presentation per the Act.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Avery Cooper & Co. Ltd.

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

June 30, 2023

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

March 31, 2023

ASSET

	2023	2022
CURRENT		
Cash	$ 244,329	$ 239,484

LIABILITY

	2023	2022
CURRENT		
Accounts payable and accrued liabilities	$ 2,900	$ 2,900

FUND BALANCES

	2023	2022
CAPITAL PORTION per page 3	187,828	187,828
INTEREST PORTION per page 3	53,601	48,756
	241,429	236,584
	$ 244,329	$ 239,484

Approved:

Erin Kelly

Erin Kelly, PhD.
Deputy Minister
Department of Environment and Climate Change

Hilda Balsillie
Director, Finance and Capital Planning
Department of Environment and Climate Change

See accompanying notes

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2023

	2023	2022
REVENUE		
Interest income	$ 8,095	$ 1,789
EXPENSES		
Professional fees	3,250	3,088
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 4,845	$ (1,299)

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2023

	2023		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 48,756	$ 236,584
Excess of revenue over expenses	-	4,845	4,845
BALANCE, closing	$ 187,828	$ 53,601	$ 241,429

	2022		
	Capital Portion	Interest Portion	Total
BALANCE, opening	$ 187,828	$ 50,055	$ 237,883
Deficiency of revenue over expenses	-	(1,299)	(1,299)
BALANCE, closing	$ 187,828	$ 48,756	$ 236,584

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023

1. NATURE OF OPERATIONS

The Natural Resources Conservation Trust Fund (the "Fund") was established under the *Natural Resources Conservation Trust Act* of the Northwest Territories (the "Act"). 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 (the "Board") 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 1 (1) of the *Financial Administration Act* of the Northwest Territories. As such, the Fund is a part of the Consolidated Revenue Fund of the GNWT.

2. BASIS OF ACCOUNTING

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are 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, 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 Climate Change 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

(a) 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, liquidity or credit risks from these financial instruments. The carrying value of these instruments approximates their fair value.

4. FUND PAYMENTS

In accordance with subsection 101 of the Act, the recipient and amount of each payment made from the Fund during the year is as follows:

Not Applicable - No payments in current or prior year.

5. DEPARTMENTAL MERGER

Effective April 1, 2023, the Department of Environment and Natural Resources merged with the Department of Land to form the Department of Environment and Climate Change. The merger has no impact on the administration of the Fund.

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, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories (the "Public Trustee") 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* of the Northwest Territories (the "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 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 Act.

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

Public Trustee for the Northwest Territories

for Jeremy Walsh
Public Trustee

Brad Patzer

ASSISTANT DEPUTY MINISTER
(ATTORNEY GENERAL)

May 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Commissioner

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Office of the Public Trustee for the Northwest Territories ("Public Trustee"), which comprise the balance sheet as at March 31, 2023, and the statement of operations, and the statement changes in estate and trust fund balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Public Trustee for the year ended March 31, 2023, are prepared, in all material respects, in accordance with the *Public Trustee Act* of the Northwest Territories (the "Act").

Basis of Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Public Trustee in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting
We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Public Trustee to meet the requirements of the Act. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsibility for assessing the Public Trustee's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Public Trustee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Public Trustee's financial reporting process.

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to audit 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 Public Trustee's internal control.

- Conclude on the appropriateness of management's use of the going concern basis of accounting used, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Trustee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Public Trustee to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Public Trustee.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

Yellowknife, NT
May 31, 2023

STATEMENT I

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

BALANCE SHEET
March 31, 2023

ASSETS

	2023	2022
Cash (Note 3)	$8,626,251	$8,345,649
Other assets at nominal value (Note 2b)	1	1
	$8,626,252	$8,345,650

NET ASSETS

	2023	2022
Undistributed Common Fund earnings per Statement II (Note 4)	$ 195,137	$ 32,379
Public Trustee Management Fund (Note 6)	19,996	13,430
Estate & Trust Fund per Statement III (Note 5)	8,411,119	8,299,841
	$8,626,252	$8,345,650

Approved:

Brad Patzer
ASSISTANT DEPUTY MINISTER
(ATTORNEY GENERAL)

Public Trustee for the Northwest Territories

See the accompanying notes.

STATEMENT II

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2023

	2023	2022
Undistributed Common Fund earnings, opening	$ 32,379	$ 27,916
Add:		
Common Fund earnings	288,307	49,011
Less:		
Interest paid to estates and trusts (Statement III)	107,983	44,233
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	17,566	315
	125,549	44,548
Increase (decrease) in Undistributed Common Fund earnings balance	162,758	4,463
Undistributed Common Fund earnings, closing (Note 4)	$ 195,137	$ 32,379

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, 2023

	2023	2022
Estate & trust funds provided:		
Estate and trust assets received	$ 1,836,193	$ 2,075,510
Common Fund interest paid to estates and trusts (Statement II)	107,983	44,233
	1,944,176	2,119,743
Estate & trust funds applied:		
Payments to beneficiaries	704,588	622,875
Disbursements made on behalf of estates and trusts	1,001,997	842,015
Administration fees (Note 2c)	120,118	146,925
GST on Administration fees	6,000	7,346
Court fees	195	338
	1,832,898	1,619,499
Increase in Estate & Trust Fund balance	111,278	500,244
Estate & Trust Fund balance, opening	8,299,841	7,799,597
Estate & Trust Fund balance, closing (Note 5)	$ 8,411,119	$ 8,299,841

See the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

NOTE 1 AUTHORITY

The Office of the Public Trustee for the Northwest Territories (the "Public Trustee"), for the Department of Justice, Government of the Northwest Territories (GNWT), 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* of the Northwest Territories. 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 ("GNWT") and, except for $120,118 (2022 - $146,925) 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. The costs incurred in respect of the annual audit may be deducted from the management fees.

NOTE 3 CASH IN BANK

The Public Trustee is a member of the GNWT investment pool.

The GNWT consolidates and invests the cash balances of all investment pool participants in money market securities. The money for these investments flows out of the GNWT main revenue account and, accordingly, does not affect the participants' cash balances. Investment pool revenues are prorated and paid to participants monthly.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

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 GNWT.

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 Common Fund's investments. Where the interest earned on the 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 GNWT.

The balance of Undistributed Common Fund earnings represents the Common Fund's cumulative earnings 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:

	2023	2022
Common Fund	$8,411,119	$8,299,840
Other assets at nominal value	1	1
	$8,411,120	$8,299,841

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	2023	2022
Public Trustee Management Fund balance, opening	$13,430	$24,115
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	17,566	315
Less:		
Costs incurred in respect of the annual audit	(11,000)	(11,000)
Public Trustee Management Fund balance, closing	$19,996	$13,430

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.

Government of the Northwest Territories
Students Loan Fund
Statement of Operations
for the year ended March 31, 2023

	2023	2022
Loans Receivable, opening balance	41,294	41,925
Loans granted during the year	5,513	4,872
	46,807	**46,797**
Less:		
Principal amount of loans repaid	(3,039)	(3,196)
Principal amount of loan forgiveness	(708)	(37)
Principal amount of loan remissions	(2,258)	(1,958)
Principal Amount of Northern Bonus	(577)	(312)
Loans Receivable, closing balance	40,225	41,294
Less:		
Allowance for remissible and doubtful loans	(16,774)	(17,266)
Net Loans Receivable, closing balance	**23,451**	**24,028**

Effect of Students Loan Fund on Government Operations

	2023	2022
Interest earned and credited to general revenues	312	331
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		
Less:		
Collection agency fees	(4)	(3)
Estimated provision for remission and doubtful accounts	(3,036)	(2,087)
Operating deficiency for the year	**(2,728)**	**(1,759)**

Approved:

John MacDonald
Deputy Minister
Department of Education, Culture and Employment

K. Macdonald

Katherine Macdonald
Director, Finance and Capital Planning
Department of Education, Culture and Employment

1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the *Student Financial Assistance Regulations* (the Regulations), financial assistance is provided by the Department of Education, Culture and Employment (ECE) to eligible students to assist with the cost of obtaining a post-secondary education. Student Financial Assistance (SFA) provides assistance through a combination of grants and loans (remissible and repayable), subject to eligibility criteria as prescribed in the Regulations.

2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. Prior to July 31, 1988, the NWT participated in the CSLP. In 1988, the NWT opted out of the CSLP and now receives an Alternative Payment, in accordance with section 14(4) of the *Canada Student Financial Assistance Act.*

At that time, a Students Loan Fund (SLF) was established in the Consolidated Revenue Fund to enable disbursements and payments specific to loans made under the Act. In accordance with the Act, the following shall be credited to the SLF according to Provision 9:

a. All repayments of principal on loans made under the Act.
b. The amount of all loans remitted under the Act. Remissible loans function much like repayable loans; however, students may be eligible to have part to all of their loan forgiven (meaning they do not have to pay the loan back) provided certain criteria are met (i.e., having met the academic and residency criteria).
c. In addition, Northern Bonus Grants are provided to students if the criteria are met (i.e., having met the academic, and residency criteria and provided the loan is up to date); and
d. The principal amounts of all loans made under the Act that are written off under the *Financial Administration Act* (FAA).

The SLF currently has a maximum revolving limit of $45 million.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant.

a) Student Loans Receivable

Student loans receivable are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted annually to reflect the current circumstances of recording write downs or recoveries, as appropriate. Write-offs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written off are subsequently collected. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Simple interest is charged on loans following the interest-free in school period. Payments on loans are applied first to interest and then to outstanding principal.

Loans are granted to students and recorded as expenditures as eligibility criteria are met by students over their period of study.

b) Measurement Uncertainty

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

The more significant management estimate relates to the valuation allowances for loans receivable.

4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	2023	2022
Allowance for Forgiveness – Remissible Loans	$ 5,945	$6,253
Allowance for Doubtful Accounts – Repayable Loans	$10,829	$11,013
Total Allowance	**$16,774**	**$17,266**

5. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by ECE. Accordingly, no provision for these costs is reflected in these financial statements. Costs paid to other agencies for loan collection services are paid by the SLF and reflected in the financial statement.

6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the SLF is exposed to various risks.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in doing so, cause a loss for the other party. For the SLF, credit risk is significant with respect to potential non-payment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable in the seventh month after graduation or discontinuation of study. The SLF's maximum risk is represented by the Loans Receivable, Closing Balance.

b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is related to payment terms. Changes in interest rates will affect interest revenue.

Interest rates are set during the week of January 1st for students whose loan becomes repayable during the course of that calendar year. Interest rates are set based upon the Bank of Canada Prime Business Rate (less one percentage point). This will be the student's interest rate for the duration of their repayment, except students who return to the NWT. Effective September 2015, students who return to the NWT will be granted zero percent interest for the duration of their stay, with the original interest rate being reinstated if they leave the NWT. The interest rate is not adjusted in any other circumstances.

c) Liquidity Risk

Liquidity risk is the risk the SLF will encounter difficulty in meeting financial obligations as they fall due. The SLF's liquidity risk is minimal as the SLF's bank accounts are supported by the Government of the Northwest Territories.

7. Budget

The budget has been approved by the Legislative Assembly.

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2023

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2023 **Page**

Management's Responsibility Statement

The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Aon Hewitt Associates, 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

Charlene Doolittle
Deputy Minister, Department of Justice
Government of the Northwest Territories,

May 19, 2023
Date

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Independent Auditors' Report

To the Members of
Territorial Court Judges Registered Pension Plan Fund

Opinion
We have audited the accompanying financial statements of the Territorial Court Judges Registered Pension Plan Fund ("the Plan"), which comprise the statement of financial position as at January 1, 2023 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Territorial Court Judges Registered Pension Plan Fund as at January 1, 2023, and the changes in net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management
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.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report Continued

Auditors' Responsibility for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Yellowknife, Northwest Territories **Chartered Professional Accountants**
April 28, 2023

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2023	2023	2022
Assets		
Contributions receivable - Sponsor (note 3)	84,300	7,418
Investments (note 4)	6,844,322	8,048,464
Total Assets	**6,928,622**	**8,055,882**
Liabilities		
Accounts payable and accrued liabilities	22,023	21,661
Total Liabilities	**22,023**	**21,661**
Net Assets Available for Benefits	**6,906,599**	**8,034,221**
Pension obligations (Note 5)	**7,857,700**	**7,655,839**
Surplus (Deficiency)		
Pension Plan Fund Surplus (Deficit)	**$ (951,101)**	**$ 378,382**

Approved by:

Deputy Minister, Department of Justice,
Government of the Northwest Territories

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Net Assets Available for Benefits

For the year ended January 1, 2023	2023	2022
Increase in assets:		
Contributions - members	$ 69,494	$ 69,023
Contributions - sponsor (current service cost)	98,150	95,350
Current year change in fair value of investments	(1,217,862)	199,745
In-kind contributions - sponsor	46,195	7,418
Investment income	297,570	591,509
Net realized capital gains income	91,175	133,599
	(615,278)	1,096,644
Decrease in assets:		
Administrative expenses (Note 7)	112,287	84,683
Benefit payments - regular	400,057	372,361
	512,344	457,044
Increase (decrease) in net assets available for benefits	**(1,127,622)**	639,600
Net assets available for benefits, beginning of year	**8,034,221**	7,394,621
Net assets available for benefits, end of year	**$ 6,906,599**	$ 8,034,221

Changes in pension plan fund surplus (deficit):		
Beginning of year	**$ 378,382**	$ (31,579)
Increase (decrease) in net assets available for benefits	**(1,127,622)**	639,600
Decrease in pension obligation	**(201,861)**	(229,639)
Net change	**(1,329,483)**	409,961
End of year	**$ (951,101)**	$ 378,382

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Pension Obligations

For the year ended January 1, 2023		2023		2022
Increase in pension obligations:				
Interest accrued on benefits	$	355,700	$	351,900
Benefits accrued		248,700		250,100
Experience (gains) and losses		46,900		-
		651,300		602,000
Decrease in pension obligations:				
Benefits paid		**449,439**		372,361
Increase in pension obligation		**201,861**		229,639
Pension obligation, beginning of year		**7,655,839**		7,426,200
Pension obligation, end of year	**$**	**7,857,700**	$	7,655,839

1. Description of plan

The following description of the Territorial Court Judges' Registered Pension Plan Fund ("Plan") is a summary only.

(a) General

The Plan is a contributory defined benefit pension plan which provides pension benefits for all Territorial Court Judges of the Northwest Territories. The Plan was established by the Judges' Registered Pension Plan Regulations under Section 32 of the *Territorial Court Act.* The Plan came into effect on February 1, 1994 and was a non-contributory plan until April 1, 1999 when it became contributory. A Territorial Judge appointed after the effective date participates in the Plan, unless the Judge objects on the basis of religious belief.

The Plan is a registered plan as defined in the *Income Tax Act* (Canada) (ITA) and, consequently, is not subject to income taxes. The Plan's registration number for income tax purposes is 995761.

(b) Funding policy

The *Territorial Court Act* requires that the plan sponsor, the Government of the Northwest Territories ("GNWT") and the Plan members, fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund.

Member contributions are 6% of pensionable earnings. In accordance with the Trust agreement, sponsor required contributions are equal to the amount determined by the Actuary as being necessary to fund the benefits accruing under the Plan less member contributions. Any surplus existing in the Plan may be used to reduce the required contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirement of section 8 of the Judges' Pension Plan Regulations.

(c) Normal retirement age

A Judge may retire on or after attainment of age 60 without reduction in pension.

(d) Early retirement

A Judge may retire anytime after age 50 and prior to age 60 with a pension that is reduced by a quarter of one percent for each month that retirement precedes age 60. However, there is no reduction if the Judge has attained 80 years of combined judicial service and age at the date of pension commencement.

(e) Late retirement

A Judge who attains 69 years of age shall receive a retirement pension commencing on the first day of the month immediately following the month in which the judge attains that age.

(f) Benefits 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 between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

1. Description of Plan (continued)

(g) 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.

(h) Credited pension

The benefit payable from the Plan for each year of pensionable service for periods after January 1, 1992 is equal to the maximum permitted under the *Income Tax Act*. The limit increases annually to reflect increases in average Canadian wages.

The annual pension at retirement for each year of pensionable service credited in respect of periods before 1992 is calculated as 2% of average annual earnings in the six consecutive years before retirement in which such average was the highest, reducing at age 65 by an amount equal to 0.7% of the averages Year's Maximum Pensionable Earnings (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. The *Income Tax Act* maximum pension does not affect the pre 1992 entitlement.

(i) Cost of living increases

All retirement, spousal and deferred pensions receive cost of living increases equal to the full rate of increase in the Consumer Price Index for Canada. Increases are applied at each January 1st; with the first such increase being prorated to reflect the portion of the prior year since the date of retirement/termination/death. Commuted values are calculated to reflect future cost of living increase.

2. Basis of presentation and summary of significant accounting policies

These financial statements are prepared in accordance with Part IV of the CPA Canada Handbook, Canadian accounting standards for pension plans. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the information of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared for regulatory purposes and to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of the individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS"), or Canadian accounting standards for private enterprises ("ASPE"). The Plan has chosen to comply on a consistent basis with ASPE.

2. Basis of presentation and summary of significant accounting policies (continued)

(b) Investments

The Plan is invested in pooled fund investments as disclosed in note 4. Pooled fund investments are valued at the unit values supplied by the investment manager, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices. Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits as a current year change in fair value of investments.

Investment transactions are recorded on the trade date.

Investment income includes interest and dividend income and are recorded on an accrual basis.

Current period change in fair market value of investments includes all net unrealized capital gains. Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment, as net realized capital gains income.

(c) Member and sponsor contributions

Contributions are recognized on an accrual basis during the period in which the members wages and salaries are earned. Sponsor contributions consist of current service contributions and special payments required to fund the deficiency based on the most recent actuarial valuation report. Member contributions for past service are recorded in the year received.

(d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuarial and audit fees. They are recognized in the period in which the service is provided.

Benefit payments represent pension payments to retired members and are recognized on monthly basis when they become due.

(e) Contributed services

The Fund recognizes in-kind contributions of services in these financial statements, but only when a fair value can be reasonably estimated and when the services are used in the normal course of the Fund's operations and would otherwise have been purchased.

(f) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

2. Basis of presentation and summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Financial assets or liabilities originated or exchanged in related party transactions are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Company in the transaction.

Transactions, with parties whose sole relationship with the Plan is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement
The Plan subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs.

Financial assets measured at cost include contributions receivable - members and contributions receivable - sponsor.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Impairment
At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(g) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

2. Basis of presentation and summary of significant accounting policies (continued)

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates, changes in estimates are recorded in the accounting period in which they are determined.

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. Contribution receivable - GNWT

	2023	2022
In-kind contribution	**$ 10,500**	$ 7,418
Current services contributions	**73,800**	-
Contribution receivable	**$ 84,300**	$ 7,418

4. Investments

The Plan is fully invested in the RBC Phillips, Hager & North Balanced Pension Trust ("PH&N BPT") fund. The PH&N BPT fund held the following asset mix:

	2023	2022
Cash and cash equivalents	**$ 261,101**	$ 104,630
Canadian equities	**1,293,497**	$ 1,674,081
Global equities	**2,675,497**	3,324,016
Fixed income funds	**2,328,296**	2,688,187
Real estate	**285,931**	257,550
Total market value of the investment portfolio	**$ 6,844,322**	$ 8,048,464

The book value of the investments for the year ended January 1, 2023 is $5,938,638 (2022 - $5,294,718).

All 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.

4. Investments (continued)

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. Obligation for pension benefits

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, a firm of consulting actuaries. The going concern valuation results is determined based on their last actuarial valuation conducted as at April 1, 2022. The data and assumptions used for January 1, 2023 are the same as that used in the actuarial valuation as at April 1, 2022. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2023	2022
Discount rate	**4.70 %**	4.80 %
Increase in pensionable earnings	**3.00 %**	3.00 %
Inflation rate	**2.00 %**	2.00 %

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, 2022 was completed in October 2022. The next actuarial valuation must be performed no later than April 1, 2025.

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 April 1 is being used to compare with the net assets available for benefits as at January 1. The pension obligation presented on the Statement of Financial Position is as at April 1, 2023.

6. Management of capital

Management of the Plan defines its capital as the funded status as determined annually based on the fair value of the investment assets less the pension obligations as determined by an actuarial valuation prepared by an independent actuary. The funding surplus or deficit is used to measure the long-term health of the Plan to meet its obligations to its members and their survivors.

Per the actuarial funding valuation as at April 1, 2022, the Plan had a going concern unfunded liability in the amount of $95,500 and excess assets of $1,278,000 under the maximum funding valuation. Per the actuarial valuation, the rule for determining the sponsor's current service cost and special payments is based on the maximum funding valuation as the going concern valuation produces a higher total sponsor contribution and unfunded liability. Per the Plan Regulations, unfunded liabilities are required to be funded over a period of not more than 15 years from the valuation date. Since the plan had excess assets at April 1, 2022, special funding payments are not required.

6. Management of capital (continued)

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2022. 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.

Management's objective, when managing the Plan's capital, is to ensure the Plan is fully funded to meet its benefit obligations over the long term through the management of investments, contribution rates and benefits.

Management has adopted a Statement of Investment Policies and Procedures ("SIPP") for the Plan, which sets investment objectives, guidelines and benchmarks used in investing the Plan's assets, permitted categories of investments, asset mix diversification and rate of return expectations. The Plan's SIPP was approved September 30, 2014. The Plan's management is responsible for ensuring that the Plan assets are managed in accordance with the SIPP and the objectives and goals outlined therein.

The SIPP established asset allocation ranges as follows:

Category	Permitted Range	
Canadian equities	20%	40%
Global equities	15%	35%
Emerging Market equities	0%	10%
Fixed Income	25%	55%
Cash and cash equivalents	0%	10%

The investments as at January 1, 2023 fell within the permitted ranges as specified by the SIPP.

7. Administrative expense

Administrative expenses include fees charged by the investment manager, trustee, auditor and actuary. Administration costs of the Fund may be paid directly by the GNWT or by the trustee from Fund assets. Payments made directly by the GNWT to the fund are recognized as a corresponding increase to in-kind contributions.

	2023	2022
Actuarial fees	**$ 35,695**	$ -
Audit	**10,500**	7,468
Investment management	**42,446**	51,352
Trustee and custodial fees	**23,646**	25,863
	$ 112,287	$ 84,683

8. Risk management

The Plan’s investments consist predominantly of assets whose values are exposed to fluctuations in interest rates, foreign exchange rates and financial markets. Other financial instruments are not exposed to significant interest or currency risks.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The Plan'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 Plan assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Plan as necessary. While the above policies aid in risk management, the Plan's investments and performance remain subject to risks, the extent of which is discussed below:

Credit risk

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Plan is exposed to credit risk through its investments in fixed-income securities.

The Plan's credit risk on fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investments.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and assets allocation targets that are designed to manage exposure to concentrated credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Plan is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. These principally include fixed-income securities. The Plan 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 Plan's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate.

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 Plan 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 Plan's investment portfolio related to the accrued pension benefit liability.

As of January 1, 2023, had market interest rates increased or decreased by 1% with all other variables held constant, the impact on the Plan’s net assets available for benefits would have been an increase or decrease of 2.1% (2022 - 2.8%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

8. Risk Management (continued)

Currency risk

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Plan 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.

The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

Based on the Plan’s net exposure as at January 1, 2023 if the Canadian dollar strengthened or weakened by 5% in relation to the United States Dollar, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately 2.0% (2022 - 2.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

Price risk

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Plan is exposed to other price risk through its holdings in equities.

As of January 1, 2023 had the S&P TSX Capped Composite Index increased or decreased by 10% with all other variables held constant, the impact on the Plan’s net assets available for benefits would have been an increase or decrease of 5.7% (2022 - 5.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Plan's financial liabilities consist of Accounts Payable and Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.

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 Plan's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Plan 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 Plan in the Statement of Financial Position. The GNWT, as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Plan 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.

9. Fair value measurement

Fair values
Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on transparency of inputs to the evaluation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bodies, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

All of the Plan's investments are measured subsequent to initial recognition at fair value, based on quoted market prices, and are Level 1 financial instruments.

10. Related party transactions

The Plan receives certain administrative services from the GNWT Departments of Justice and Finance at no charge.

The payment of audit and actuary fees by the GNWT on the Plan’s behalf are recognized as in-kind contributions.

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Fund Report
For the year ended March 31, 2023

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Fund Balance
For the year ended March 31, 2023

	2023 Activity Unaudited	
Opening Balance, April 1, 2022		$ 1,511,077
Revenue (Statement of Operations)	$ 6,047,269	
Less: Contributions to Organizations (Schedule 2)	(4,489,306)	
Less: Contributions to Multisport Games (Schedule 3)	(2,094,980)	
Less: Administration Expenses (Statement of Operations)	(987,072)	
		(1,524,089)
Balance as at March 31, 2023		$ (13,012)

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Statement of Operation
For the year ended March 31, 2023

		March 31, 2023 Unaudited	March 31, 2022 Unaudited
	Opening Fund balance, Note 1	1,511,077	671,151
	Revenue		
40110	Other Grants - MACA		-
42440	Lottery Revenue	5,807,383	6,612,277
42220	Program Recipient Recoveries		(624,506)
42940	Nunavut Government Recoveries	137,536	124,901
44020	Fees	1,500	500
44840	Sundry Income	80,000	
45020	Recoveries of Prior Year Expenses	20,850	8,672
		6,047,269	6,121,844
	Expenses		
MAINS	Compensation and Benefits	367,755	425,952
MAINS	Grants, Contributions and Transfers	6,416,770	4,315,790
MAINS	Travel	7,295	-
MAINS	Material and Supplies	153,377	109,354
MAINS	Purchased Services	80,856	72,504
MAINS	Utilities	67	-
MAINS	Contract Services	346,524	308,586
MAINS	Fees & Payments	167,516	46,731
MAINS	Interest Expense		-
MAINS	Chargeback Expense		-
MAINS	Controllable Assets	26,851	2,196
MAINS	Computer Hardware/Software	4,347	805
		7,571,358	5,281,918
	Net Income	$ (1,524,089)	$ 839,926
	Year End Fund balance	$ (13,012)	$ 1,511,077

Northwest Territories and Nunavut Lotteries
Schedule 1 - Schedule of Lottery Revenue, Net
(amounts derived from Western Canada Lottery Corporation financial statements)
For the year ended March 31, 2023

	March 31, 2023 Unaudited	March 31, 2022 Unaudited
SALES		
Lottery Ticket Sales	$ 21,526,374	$ 21,885,915
Interest and other income	40,323	16,216
	21,566,697	21,902,131
DIRECT EXPENSES		
Free Tickets	1,206,981	1,198,605
Prizes	11,111,478	11,365,291
Retailer Commissions	1,149,061	1,173,845
Ticket Printing	294,730	317,475
	13,762,250	14,055,216
OPERATING INCOME	7,804,447	7,846,915
EXPENSES		
Amortization	152886	145,178
Communications	109471	100,911
Cost of premises	14583	16,887
Draws and winning numbers publication	4255	3,757
Employee development	3101	4,200
Equipment	102918	69,219
Federal Government	213549	210,787
Freight and product transport	3787	3,798
Goods and services tax	109974	93,894
I. L. C. expense	18800	21,948
Insurance and bank charges	24604	18,741
Media & advertising	167362	167,588
Overhead allocation	-273	(287)
Presentations, publications and miscellaneous	4324	7,495
Professional fees	96893	91,716
Promotion	8657	7,040
Supplies	1848	1,663
Travel	1641	312
Wages and Benefits	281,194	278,971
	1,319,574	1,243,818
EXCESS OF REVENUES OVER EXPENSES	$ 6,484,873	$ 6,603,097

Northwest Territories and Nunavut Lotteries
Schedule 2 - Contributions to Organizations
For the year ended March 31, 2023

	March 31, 2023 Unaudited	March 31, 2022 Unaudited
REVENUE		
Lottery Contribution	$ -	$ -
MACA Contribution	-	-
	-	-
EXPENSES		
Aboriginal Sports Circle of the NWT	800,000	800,000
Inuvik and Sahtu Sport and Recreation	167,516	45,464
Mackenzie Recreation Association	360,000	360,000
NWT Recreation and Parks Association	800,000	800,000
Sport North Federation	800,000	800,000
Territorial Sport Organizations	1,561,790	1,530,790
	4,489,306	4,336,254
DEFICIENCY OF REVENUES OVER EXPENSES	$ (4,489,306)	$ (4,336,254)

	March 31, 2021 Unaudited	March 31, 2021 Unaudited
Territorial Sport Organizations		
Archery - Note 6	$ 20,000	$ 20,000
Arctic Sports/Dene Games - Note 6	40,000	40,000
Athletics	65,790	65,790
Basketball	100,000	100,000
Biathlon	20,000	20,000
Bowling	20,000	20,000
Boxing	20,000	20,000
Broomball	20,000	20,000
Cross Country Skiing	100,000	100,000
Curling	82,500	82,500
Dog Sledding	47,500	47,500
Figure Skating	20,000	20,000
Gymnastics	47,500	47,500
Hockey	100,000	100,000
Judo	100,000	100,000
Karate	20,000	20,000
Kayak	20,000	20,000
Shooting	31,000	-
Snowboarding	47,500	47,500
Soccer	100,000	100,000
Softball	82,500	82,500
Special Olympics	20,000	20,000
Speed Skating	82,500	82,500
Squash	65,000	65,000
Swimming	100,000	100,000
Table Tennis	20,000	20,000
Taekwondo	20,000	20,000
Tennis	47,500	47,500
Volleyball	82,500	82,500
Wrestling	20,000	20,000
	$ 1,561,790	$ 1,530,790

Northwest Territories and Nunavut Lotteries
Schedule 3 - Contributions Multisport Games
For the year ended March 31, 2023

	March 31, 2022 Unaudited	March 31, 2022 Unaudited
REVENUE		
MACA Contribution	$ -	$ -
	-	-
EXPENSES		
Sport North Federation-2022 Canada Summer Games	196,000	
Sport North Federation-2023 Arctic Winter Games	966,000	-
Sport North Federation-2023 Canada Winter Games	270,000	
Aboriginal Sports Circle of the NWT-2023 NAIG	662980	-
NWT 55+ Games Association		25,000
	2094980	25,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ (2,094,980)	$ (25,000)

1. Basis of Presentation

The financial information in these reports for the year ended March 31, 2023 is prepared by the NWT and Nunavut Lotteries and internally verified by MACA Finance Staff. This information has not been subject to an audit, review or compilation engagement by a professional accountant.

2. Nature of Operations

NWT and Nunavut Lotteries has agreements with the Western Canada Lottery Corporation (WCLC) and the Government of Nunavut for the purpose of conducting and managing the sale of Western Canada Lottery products pursuant to the *Western Canada Lottery Act* and regulations in both the NWT and Nunavut.

For managing lottery operations on behalf of the Nunavut Government NWT and Nunavut Lotteries receives a management fee based on the Net Income of Nunavut Lottery Operations.

3. Net Sales for the period ended March 31, 2023

	$	%
Eastern Arctic / Nunavut	2,551,650	13.0%
Western Arctic / NWT	17,121,239	87.0%
	19,672,889	100.0%

4. Number of Terminals as at March 31, 2022

	#	% of Total Sales
Eastern Arctic / Nunavut	4	10.0%
Western Arctic / NWT	36	90.0%
Total Number of Terminals	40	100.0%

5. Fund Operating Parameters

Due to the variable nature of lottery ticket sales and funding to support programs like multisport games, the Fund has been authorized to accumulate a maximum deficit of up to $3.5 million. If the Fund is projected to exceed this limit, the Minister must present recommendations to the Financial Management Board to address the shortfall. The Fund has also been authorized to accumulate a maximum surplus of $1.5 million. If the Fund is projected to exceed that limit, the Minister must submit recommendations to the Financial Management Board to utilize the funds above $1.5 million in accordance with the Act.

6. Archery, Arctic Sports and Dene Games

Funding for these sports was provided to the Aboriginal Sports Circle of the NWT.