



# Public Accounts 2019-2020

## Section I: Consolidated Financial Statements





**PUBLIC ACCOUNTS**  
**OF THE**  
**GOVERNMENT OF THE NORTHWEST TERRITORIES**  
**FOR THE YEAR ENDED MARCH 31, 2020**

**SECTION I**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**HONOURABLE CAROLINE WAWZONEK**  
**Minister of Finance**

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**THE HONOURABLE MARGARET M. THOM  
COMMISSIONER OF THE NORTHWEST TERRITORIES**

I have the honour to present the Public Accounts of the Northwest Territories in accordance with Sections 37 through 43 of the *Northwest Territories Act (Canada)*, S.C. 2014, c.2, s.2, and Sections 34 through 35 of the *Financial Administration Act*, S.N.W.T. 2015, c.13, for the fiscal year ended March 31, 2020.



Honourable Caroline Wawzonek  
Minister of Finance

November 19, 2020

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# Public Accounts of the Government of the Northwest Territories

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#### FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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## RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of the Northwest Territories (the Government), and related information contained in the Public Accounts, is the responsibility of the Government through the Office of the Comptroller General.

The consolidated financial statements have been prepared 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 judgment have been applied in the preparation of these consolidated financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Comptroller General, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure that all transactions are in accordance with the *Financial Administration Act*.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net debt, and its cash flows for the year then ended in accordance with PSAS. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidated financial statements.

Julie Mujcin, CPA, CGA  
Comptroller General  
Government of the Northwest Territories

November 19, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of the Government of the Northwest Territories and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt 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 2020, 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 comprises the information included in Section I of the Public Accounts 2019-2020, 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 an intention exists 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**

#### *Opinion*

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Government of the Northwest Territories and its controlled entities coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Northwest Territories Act* and regulations, the *Financial Administration Act* of the Northwest Territories and regulations and the specific operating authorities disclosed in Note 1(a) to the consolidated financial statements

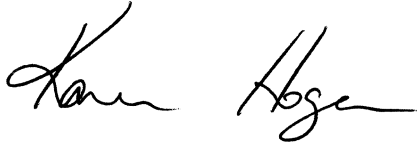
In our opinion, the transactions of the Government of the Northwest Territories and its controlled entities that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above.

#### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for the Government of the Northwest Territories and its controlled entities' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Government of the Northwest Territories and its controlled entities 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.

A handwritten signature in black ink, appearing to read "Karen Hogan". The signature is written in a cursive, flowing style.

Karen Hogan, CPA, CA  
Auditor General of Canada

Ottawa, Canada  
19 November 2020

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# Government of the Northwest Territories

## Consolidated Statement of Financial Position

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as at March 31, 2020

(thousands of dollars)

	2020 \$	2019 \$
<b>Financial assets</b>		
Cash	85,489	110,370
Portfolio investments (note 3)	110,372	82,430
Due from the Government of Canada (note 11)	97,253	75,528
Accounts receivable (note 5)	106,911	108,568
Inventories for resale	35,549	32,423
Loans receivable (note 6)	74,554	78,022
Sinking fund (note 7)	29,680	-
	<b>539,808</b>	<b>487,341</b>
<b>Liabilities</b>		
Short term loans (note 8)	470,238	333,519
Accounts payable and accrued liabilities (note 9)	333,159	312,565
Deferred revenue	40,114	22,091
Environmental liabilities and asset retirement obligations (note 10)	75,311	70,558
Due to the Government of Canada (note 11)	170,149	135,215
Capital lease obligations (note 12)	16,768	17,558
Long-term debt (note 12)	390,768	395,642
Liabilities under public private partnerships (note 13)	273,479	235,721
Pensions (note 14)	21,608	22,850
Other employee future benefits and compensated absences (note 15)	59,174	66,204
	<b>1,850,768</b>	<b>1,611,923</b>
<b>Net debt</b>	<b>(1,310,960)</b>	<b>(1,124,582)</b>
<b>Non-financial assets</b>		
Tangible capital assets (schedule A)	3,565,348	3,452,889
Inventories held for use	17,040	15,970
Prepaid expenses	9,180	13,647
	<b>3,591,568</b>	<b>3,482,506</b>
<b>Accumulated surplus</b>	<b>2,280,608</b>	<b>2,357,924</b>

Contractual obligations, rights, guarantees and contingencies (notes 17 and 18)

Approved:



Caroline Wawzonek  
Minister of Finance



Julie Mujcin, CPA, CGA  
Comptroller General

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

## Government of the Northwest Territories

### Consolidated Statement of Operations and Accumulated Surplus

for the year ended March 31, 2020

(thousands of dollars)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
<b>Revenues</b>			
Grant from the Government of Canada <i>(note 2(m))</i>	1,309,300	1,309,278	1,256,289
Transfer payments <i>(note 19)</i>	258,649	236,090	210,071
	<b>1,567,949</b>	<b>1,545,368</b>	<b>1,466,360</b>
Taxation, non-renewable resource and general revenues			
Corporate and personal income taxes <i>(note 19)</i>	127,700	89,008	105,856
Other taxes <i>(note 19)</i>	142,809	133,036	124,528
General <i>(note 19)</i>	98,435	97,978	74,670
Income from portfolio investments	1,001	6,053	3,393
Non-renewable resource revenue	46,534	23,794	23,258
Sales	168,216	174,044	185,197
Recoveries	48,308	40,269	40,708
	<b>633,003</b>	<b>564,182</b>	<b>557,610</b>
Recoveries of prior years' expenses	3,000	13,951	13,625
	<b>2,203,952</b>	<b>2,123,501</b>	<b>2,037,595</b>
<b>Expenses (schedule B) (note 20)</b>			
Environment and Economic Development	161,059	165,318	155,987
Infrastructure	434,755	436,120	438,975
Education	363,255	381,655	362,535
Health, Social Services and Housing	640,192	693,568	606,392
Justice	127,573	129,176	129,544
General Government	379,342	371,244	320,464
Legislative Assembly and statutory offices	22,443	23,736	19,568
	<b>2,128,619</b>	<b>2,200,817</b>	<b>2,033,465</b>
<b>Annual operating surplus (deficit)</b>	75,333	(77,316)	4,130
Projects on behalf of third parties			
Expenses	(99,256)	(110,635)	(111,998)
Recoveries	99,256	110,635	111,998
<b>Annual surplus (deficit)</b>	<b>75,333</b>	<b>(77,316)</b>	<b>4,130</b>
Accumulated surplus at beginning of year	2,357,924	2,357,924	2,353,794
<b>Accumulated surplus at end of year</b>	<b>2,433,257</b>	<b>2,280,608</b>	<b>2,357,924</b>

*The accompanying notes and schedules are an integral part of the consolidated financial statements.*

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## Government of the Northwest Territories

### Consolidated Statement of Change in Net Debt

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for the year ended March 31, 2020

(thousands of dollars)

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	2020 Budget \$	2020 Actual \$	2019 Actual \$
<b>Net debt at beginning of year</b>	<b>(1,124,582)</b>	<b>(1,124,582)</b>	<b>(995,382)</b>
Items affecting net debt:			
Annual surplus (deficit)	75,333	(77,316)	4,130
Acquisition of tangible capital assets ( <i>schedule A</i> )	(357,494)	(269,627)	(280,365)
Amortization of tangible capital assets ( <i>schedule A</i> )	158,710	153,648	146,662
Loss on sale of tangible capital assets	8,910	3,396	1,012
Proceeds on sale of tangible capital assets	-	124	284
	(114,541)	(189,775)	(128,277)
Consumption of inventories held for use	7,386	13,188	14,682
Purchase of inventories held for use	(7,164)	(14,258)	(16,234)
Change in prepaid expenses	(100)	4,467	629
	122	3,397	(923)
<b>Change in net debt</b>	<b>(114,419)</b>	<b>(186,378)</b>	<b>(129,200)</b>
<b>Net debt at end of year</b>	<b>(1,239,001)</b>	<b>(1,310,960)</b>	<b>(1,124,582)</b>

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*The accompanying notes and schedules are an integral part of the consolidated financial statements.*

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# Government of the Northwest Territories

## Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(thousands of dollars)

	2020 \$	2019 \$
<b>Cash provided by (used for)</b>		
<b>Operating transactions</b>		
Annual surplus (deficit)*	(77,316)	4,130
Items not affecting cash:		
Change in valuation allowances	8,946	5,945
Loss on tangible capital assets	3,396	1,012
Amortization	153,648	146,662
Inflation adjustment on real return bonds	3,810	2,709
	92,484	160,458
Changes in non-cash assets and liabilities:		
Change in due to/from the Government of Canada	13,209	5,882
Change in accounts receivable	(3,689)	12,581
Change in inventories for resale	(3,126)	(170)
Change in accounts payable	14,089	20,215
Change in environmental liabilities and asset retirement obligations	4,872	1,408
Change in deferred revenue	18,023	3,588
Change in pensions	(1,243)	(1,776)
Change in other employee future benefits and compensated absences	(7,030)	(7,553)
Change in inventories held for use	(1,070)	(1,552)
Change in prepaid expenses	4,467	629
<b>Cash provided by operating transactions</b>	<b>130,986</b>	<b>193,710</b>
<b>Investing transactions</b>		
Disposition of portfolio investments	27,904	15,707
Acquisition of portfolio investments	(55,846)	(10,457)
Loans receivable receipts	8,811	9,427
Loans receivable advanced	(8,984)	(10,083)
Sinking fund installments	(29,680)	-
<b>Cash provided by (used for) investing transactions</b>	<b>(57,795)</b>	<b>4,594</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(220,041)	(236,786)
Proceeds of disposition of tangible capital assets	124	284
<b>Cash used for capital transactions</b>	<b>(219,917)</b>	<b>(236,502)</b>
<b>Financing transactions</b>		
Net proceeds from short term loans	136,719	36,443
Repayment of capital lease obligations	(790)	(1,063)
Repayment of long-term financing	(8,684)	(20,109)
Repayment of public private partnerships	(5,400)	(2,600)
<b>Cash provided by financing activities</b>	<b>121,845</b>	<b>12,671</b>
<b>Decrease in cash</b>	<b>(24,881)</b>	<b>(25,527)</b>
<b>Cash at beginning of year</b>	<b>110,370</b>	<b>135,897</b>
<b>Cash at end of year</b>	<b>85,489</b>	<b>110,370</b>

\*Total interest paid during the year \$42,905 (2019 - \$36,711)

*The accompanying notes and schedules are an integral part of the consolidated financial statements.*



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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 1. AUTHORITY AND OPERATIONS

#### (a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The consolidated financial statements have been prepared in accordance with the *Northwest Territories Act* (Canada) and the *Financial Administration Act* of the Northwest Territories. The consolidated financial statements present summary information and serve as a means for the Government to show its accountability for the resources, obligations and financial affairs for which it is responsible. The following lists the organizations comprising the Government reporting entity, which are fully consolidated in the financial statements and their specific operating authority.

#### *Education Act*

- Beaufort-Delta Divisional Education Council
- Commission scolaire francophone Territoires du Nord-Ouest
- Dehcho Divisional Education Council
- Dettah District Education Authority
- N'dilo District Education Authority
- Sahtu Divisional Education Council
- South Slave Divisional Education Council
- Yellowknife Public Denominational District Education Authority (Yellowknife Catholic Schools)
- Yellowknife District No.1 Education Authority

#### *Aurora College Act*

- Aurora College

#### *Hospital Insurance and Health and Social Services Administration Act*

- Hay River Health and Social Services Authority
- Northwest Territories Health and Social Services Authority

#### *Tlicho Community Services Agency Act*

- Tlicho Community Services Agency

#### *Northwest Territories Business Development and Investment Corporation Act*

- Northwest Territories Business Development and Investment Corporation

#### *Northwest Territories Housing Corporation Act*

- Northwest Territories Housing Corporation

#### *Human Rights Act*

- Northwest Territories Human Rights Commission

#### *Northwest Territories Societies Act*

- Arctic Energy Alliance
- Northwest Territories Sport and Recreation Council

#### *Status of Women Council Act*

- Status of Women Council of the Northwest Territories

#### *Northwest Territories Heritage Fund Act*

- Northwest Territories Heritage Fund

#### *Northwest Territories Waters Act*

- Inuvialuit Water Board

#### *Northwest Territories Hydro Corporation Act*

- Northwest Territories Hydro Corporation (NT Hydro)

#### *Northwest Territories Surface Rights Board Act*

- Northwest Territories Surface Rights Board

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 1. AUTHORITY AND OPERATIONS (continued)

#### (a) Authority and reporting entity (continued)

All organizations included in the Government reporting entity have a March 31 fiscal year-end with the exception of Aurora College, Divisional Education Councils and District Education Authorities, which have a fiscal year-end of June 30. Transactions of these educational organizations that have occurred during the period to March 31, 2020 and that significantly affect the consolidation have been recorded. Revolving funds are incorporated directly into the Government's accounts while trust assets administered by the Government on behalf of other parties (*note 16*) are excluded from the Government reporting entity. Revolving Funds are segments of the Government that are engaged in commercial activities, with undefined and non-lapsing expense authority.

#### (b) Budget

The consolidated budget figures are the appropriations approved by the Legislative Assembly and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses. They represent the Government's original consolidated fiscal plan for the year and do not reflect supplementary appropriations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### (a) Measurement uncertainty

The preparation of consolidated 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 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 statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to environmental liabilities, asset retirement obligations, contingencies, revenue accruals, allowances for doubtful accounts for accounts receivable, valuation allowances for loans receivable, and amortization expense. Other estimates, such as the Canada Health Transfer payments, Canada Social Transfer payments, and Corporate and Personal Income Tax revenues are based on estimates made by the Government of Canada's Department of Finance and are subject to adjustments in future years.

#### (b) Cash

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

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Such investments are normally in shares and bonds of the investee. 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 and it is included as a component of investment income. Interest income is recorded on the accrual basis, dividend income is recognized as it is declared and capital gains and losses are recognized when realized.

#### (d) Inventories

Inventories for resale consist mainly of bulk fuels, liquor products, and arts and crafts. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value. Inventories held for use by NT Hydro consist of materials and supplies, lubricants, critical spare parts, and fuel and are recorded at cost as determined using the weighted average cost method. The remaining inventories held for use (including housing materials and supplies, and hospital supplies) are valued at the lower of cost, determined on a first in, first out basis, and net replacement value. Impairments, when recognized, result in write-downs to net realizable value.

#### (e) Loans receivable

Loans receivable and advances 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 by recording write downs or recoveries, as appropriate. Write downs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

#### (f) Sinking fund

The sinking fund is externally restricted cash held specifically for the purpose of repaying outstanding debt at maturity. The sinking fund is recorded at amortized cost.

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds \$50 and are intended to be used on an ongoing basis for delivering programs and services. Individual assets less than \$50 are expensed when purchased. Tangible capital assets are recorded at cost or where actual cost is not available, estimated current replacement cost, discounted back to the acquisition date. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and directly attributable interest. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or delivering services. Assets, when placed in service, are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Asset category</b>	<b>Amortization period</b>
Land	Not amortized
Computers	10 years or less
Equipment	40 years or less
Roads and Bridges	75 years or less
Buildings and Leasehold Improvements	Buildings - 40 years or less; Leasehold improvements - the lesser of useful life or remaining lease term
Infrastructure and Other	40 years or less except for Electric power plants 100 years or less

The estimate of the useful life of tangible capital assets is reviewed on a regular basis and revised where appropriate on a prospective basis. The remaining unamortized portion of a tangible capital asset may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

Write-downs and write-offs of tangible capital assets are recognized whenever significant events and changes in circumstances and use suggest that the asset can no longer contribute to program or service delivery at the level previously anticipated. A write-down is recognized when a reduction in the value of the asset can be objectively measured. A write-off is recognized when the asset is destroyed, stolen, lost, or obsolete to the Government.

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. All intangibles, works of art, historical treasures and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) 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 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 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Contractual obligations and contingent liabilities

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

The contingent liabilities of the Government 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 or if the occurrence of the confirming future event is not determinable, the contingent liability is disclosed.

#### (j) Contractual rights and contingent assets

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

The contingent assets of the Government are potential assets which may become actual assets when one or more future events occurs or fails to occur. If the future event is considered likely to occur and is quantifiable, an estimated asset is disclosed.

#### (k) 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 exchange gains and losses are included in net income for the year according to the activities to which they relate.

#### (l) Projects on behalf of third parties

The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. Where the agreement allows, the Government receives accountable advances and any unexpended balances remaining at year-end are recorded as liabilities in accounts payable and accrued liabilities or due to Canada, as applicable. Recoveries are accrued when expenses as allowed under the project contract, exceed advances and are recorded as receivables in accounts receivable or due from Canada, as applicable.

#### (m) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is based on the Territorial Formula Financing calculated as the Gross Expenditure Base, offset by eligible revenues, which are based on a three-year moving average, lagged two years, of representative revenue bases at national average tax rates. Population growth rates and growth in provincial/local government spending are variables used to determine the growth in the Gross Expenditure Base. The Grant is calculated once for each fiscal year and is not revised, with all payments flowing to the Government prior to the end of the fiscal year.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (n) Transfer payments

Government transfers are recognized as revenue in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met, stipulations that give rise to a liability have been satisfied and a reasonable estimate of the amount can be made. Transfers received before these criteria are fully met are recorded as deferred revenue. Transfers received for tangible capital assets are recognized when the tangible capital asset is put into service.

##### (o) Taxes, regulatory, resource, and general revenues

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Canada). If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act* (Canada), are collected by the Government of Canada on behalf of the Government under a tax collection agreement. The Government of Canada remits Personal Income taxes monthly throughout the year and Corporate Income tax monthly over a six month period beginning in February. Payments are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments or reassessments for that year are final. Income tax estimates, determined by the Government of Canada, combine actual assessments with an estimate that assumes that previous years' income tax allocations will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences are recognized when the actual tax assessments are finalized.

Regulatory revenues, which are part of general revenues, are recognized on an accrual basis and include revenues for fines, fees, licenses, permits, and registrations. Amounts received prior to the end of the year, which relate to revenues that will be earned in a subsequent year, are recorded as deferred revenues and are recognized as revenue when earned.

Non-renewable resource revenues are recognized on an accrual basis and include mineral, quarry, oil and gas, and water revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the Non-renewable resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the Non-renewable resource revenues collected by the Government (the remaining amount) from the Grant from the Government of Canada (*note 2(m)*) payable to the Government two years hence. The Government has also committed to sharing up to 25 percent of the net fiscal benefit with Aboriginal governments that are signatories to the Northwest Territories Lands and Resources Devolution Agreement as per the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*.

Fuel, carbon, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products and Carbon Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel, carbon and tobacco tax revenues are recognized on an accrual basis, based on statements received from collectors. Payroll tax is recognized on an accrual basis, based on payroll tax revenues of the prior year. Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the billing occurs. Adjustments arising from reassessments are recorded in revenue in the year they are finalized.

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Taxes, regulatory, resource, and general revenues (continued)

Revenues from the sale of power and fuel riders are recognized in the period earned based on cyclical meter readings. All other revenues are recognized on an accrual basis.

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

#### (p) Expenses

Grants and contributions are recognized as long as the grant or contribution is authorized and eligibility criteria have been met. Grants and contributions include transfer payments paid through programs to individuals, and to provide major transfer funding for communities under community government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. Assistance is based on age, family status, income, and employment criteria. Other transfer payments are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. Under the authority of the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*, a transfer to the Aboriginal parties who are signatories to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement will be made of up to 25 percent of the net fiscal benefit from Non-renewable resource revenues that is received by the Government (*note 2 (n)*). All other expenses are recognized on an accrual basis.

#### (q) Environmental liabilities

Environmental liabilities are the result of contaminated sites, as 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. 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, the Government 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 the Government'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 management and remediation of environmentally contaminated sites, including costs such as those for future site assessments, development of remedial action plans, resources to perform remediation activities, land farms and monitoring. All costs associated with the remediation, monitoring and post-closing of the site are estimated and accrued. Where estimates are not readily available from third party analyses, an estimation methodology is used to record a liability when sufficient information is available. The methodology used is based on costs or estimates for sites of similar size and contamination when the Government is obligated, or is likely obligated, to incur such costs. If the likelihood of a future event that would confirm the Government's responsibility to incur these costs is either not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. The environmental liabilities for contaminated sites are reassessed on an annual basis.



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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (r) Asset retirement obligations

On an annual basis, NT Hydro identifies legal obligations associated with the retirement of its tangible capital assets. Management's best estimate of the future expenditures required to settle the legal obligations are recognized to the extent that they can be reasonably estimated and are calculated based on the estimated future cash flows necessary to discharge the legal obligations, discounted using the NT Hydro's cost of borrowing for maturity dates that coincide with the expected cash flows.

The estimated asset retirement obligation (ARO) is recorded as a liability and a corresponding increase to tangible capital assets. The liability for AROs is increased annually for the passage of time by calculating accretion on the liability based on the discount rates implicit in the initial measurement. Changes in the obligation resulting from revisions to the timing or amount of the estimated undiscounted cash flows or revisions to the discount rate are recognized as an increase or decrease in the related carrying amount of the related tangible capital asset.

NT Hydro has identified AROs for certain hydro, thermal, transmission and distribution assets where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized.

##### (s) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the consolidated statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

##### (t) Restricted assets

Restricted assets result from external restrictions imposed by an agreement with an external party, or through legislation of another government, that specify the purpose or purposes for which resources are to be used. Externally restricted inflows are recognized as revenue in a government's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(u) Segmented information**

The Government reports on segments on the basis of relationships of its operations with similar entities. Segmented information is disclosed in Schedule B. Segments are identified by the nature of an entity's operations and the accountability relationship that a group of similar entities has with the Government. There are no significant allocations of revenues or expenses between segments.

Government departments are identified as one segment to reflect the direct accountability relationship for financial reporting and budgeting between departments, their respective Ministers and the Legislative assembly.

Other Public Agencies within the Government Reporting Entity represent another segment. These agencies are typically associated with a particular Government department and have a formalized reporting relationship to that department. For example, Health and Social Services Authorities have an accountability relationship to the Minister of Health and Social Services as well as to their respective board members. Other Public Agencies also includes agencies that report directly to a Minister responsible for their operations. For example, the Northwest Territories Housing and Hydro Corporations have Ministers specifically assigned to their operations. The agencies in this segment assist the Government in delivering its programs and services and in achieving its priorities.

#### **(v) Public-Private Partnerships**

The Government may, as an alternative to traditional forms of procurement governed by the Government's Contract Regulations, enter into public private partnership (P3) agreements with the private sector to procure services and public infrastructure when: the total projected threshold for procuring those services, including capital, operating and service costs over the life of the agreement, exceeds \$50,000; there is appropriate risk sharing between the Government and the private sector partners; the agreement extends beyond the initial capital construction of the project, and; the arrangement results in a clear net benefit to the Government as opposed to being merely neutral in comparison with standard procurement processes. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred.

The Government accounts for P3 projects in accordance with the substance of the underlying agreements. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the asset and the corresponding liability are recognized over time as the construction progresses. The capital asset (classified as work in progress) and the corresponding liability are recorded based on the estimated percentage of completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the imputed interest rate for the agreement. Capital expenditures may occur throughout the project or at the capital in-service date. Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. All payments are adjusted to reflect performance standards as outlined in the specific agreement and penalties may be deducted for sub-standard performance. When available for use, the P3 assets are amortized over their estimated useful lives.

A P3 agreement may encompass certain revenues, including those collected by the partner on behalf of the Government. In such instances the Government will report the gross revenue along with the asset, liability, and expenses as determined from the specific project.

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Future accounting changes

##### *Financial instruments*

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2022. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement of Gains and Losses. There is no significant impact on the consolidated financial statements as a result of its application.

##### *Other New Standards*

Effective April 1, 2022, the Government will concurrently be required to adopt: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. Government organizations that apply PSAS were required to adopt these standards effective April 1, 2012, however there is no significant impact on the consolidated financial statements as a result of its application.

Effective April 1, 2022, the Government will be required to adopt PS 3280 Asset Retirement Obligations. This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Government is currently assessing the impact of this standard on the consolidated financial statements.

Effective April 1, 2023, the Government will be required to adopt PS 3400 Revenue. This standard provides guidance 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. There is no significant impact on the consolidated financial statements as a result of its application.

### 3. PORTFOLIO INVESTMENTS

	2020	2019
	\$	\$
Marketable securities (market value \$105,851; 2019 - \$84,218)	109,893	81,977
Miscellaneous investments	479	453
	<b>110,372</b>	<b>82,430</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 4. DESIGNATED AND RESTRICTED ASSETS

##### Designated assets

Designated assets are included in cash and portfolio investments.

Pursuant to the *Student Financial Assistance Act*, the assets of the Student Loan Fund are to be used to provide financial assistance to post-secondary students that meet eligibility criteria as prescribed in its regulations.

Pursuant to the *Northwest Territories Heritage Fund Act*, the assets of the Heritage Fund are to be used to ensure that the future generations of people of the Northwest Territories benefit from on-going economic development, including the development of non-renewable resources.

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for purposes specified in the act including programs with respect to the reduction and recovery of waste.

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (*note 14*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*. The remainder consists of investments held by public agencies listed in note 1(a).

Pursuant to the *Northwest Territories Business Development and Investment Corporation Act*, and its Regulations, the Northwest Territories Business Development and Investment Corporation (BDIC) is required to establish a Loan and Investments Fund for its lending and investing activities. The regulations specifies that a Loans and Bonds Fund will be used to record the lending operations. BDIC is required to use a Venture Investment Fund to record the venture investment operations. Furthermore, BDIC is obligated to maintain a Capital Fund and Subsidy Fund.

In addition to these funds, the BDIC is required, to establish a Capital Reserve Fund and a Venture Reserve Fund, respectively. The BDIC will continue to deposit to these reserve funds an amount equal to 10% of each capital or venture investment made. The BDIC may use these reserve funds for further investment or financing for its subsidiaries and venture investments through approved drawdowns.

Pursuant to the *Land Titles Act*, the assets of the Land Titles Assurance Fund are to be used to compensate owners for certain financial losses they incur due to real estate fraud or omissions and errors of the land registration system.

Other designated assets will be used for various purposes.

##### Restricted assets

Restricted assets include funds remitted to the Government, that are restricted for use in the Yellowknife Airport Capital Program, pursuant to the *Memorandum of Agreement* between the Government and Signatory Air Carriers. Restricted assets for Yellowknife Airport Improvement Fees at March 31, 2020 is \$7,420 (2019 - \$5,478) and is included in cash and deferred revenue.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 4. DESIGNATED AND RESTRICTED ASSETS (continued)

	2020	2019
	\$	\$
<b><i>Student Financial Assistance Act</i></b>		
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance ( <i>note 6</i> )	(40,799)	(41,129)
	<hr/>	<hr/>
Funds designated for new loans	4,201	3,871
	<hr/>	<hr/>
<b><i>Northwest Territories Heritage Fund Act</i></b>		
Heritage Fund:		
Heritage Fund net assets	26,753	24,215
	<hr/>	<hr/>
<b><i>Waste Reduction and Recovery Act</i></b>		
Environment Fund:		
Beverage Container Program net assets	5,140	4,244
	<hr/>	<hr/>
<b><i>Pension Benefits Standard Act</i></b>		
Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance ( <i>note 14</i> )		
Marketable securities (market value \$33,056; 2019 - \$34,604)	34,130	32,149
Cash and other assets (market value approximates cost)	1,057	138
	<hr/>	<hr/>
	35,187	32,287
	<hr/>	<hr/>
<b><i>Northwest Territories Business Development and Investment Act</i></b>		
Loan and Investment Funds	12,762	8,947
	<hr/>	<hr/>
<b><i>Land Titles Act</i></b>		
Land Titles Assurance Fund net assets	4,923	4,743
	<hr/>	<hr/>
<b>Other</b>		
Cash	560	690
	<hr/>	<hr/>
	89,526	78,997
	<hr/>	<hr/>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 5. ACCOUNTS RECEIVABLE

	<b>Accounts Receivable</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net 2020</b>	<b>Net 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General	79,594	(31,702)	47,892	45,978
Utilities	12,553	(482)	12,071	10,471
Non-renewable resource revenue	27,763	-	27,763	24,140
Government of Nunavut	8,563	(3)	8,560	13,279
Health related costs due from third parties	13,384	(6,504)	6,880	5,871
Revolving fund sales	3,147	-	3,147	7,980
Workers' Safety and Compensation Commission	598	-	598	849
	<b>145,602</b>	<b>(38,691)</b>	<b>106,911</b>	<b>108,568</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 6. LOANS RECEIVABLE

	2020	2019
	\$	\$
Northwest Territories Business Development and Investment Corporation loans to businesses receivable over a maximum of 25 years, secured by real property, heavy equipment and general security agreements; bearing fixed interest between 5.20% and 6.11%, (2019 - between 5.33% and 6.46%) before valuation allowance of \$3,490 (2019 - \$3,527).	40,213	41,451
Northwest Territories Energy Corporation Ltd. loan to the Dogrib Power Corporation due July 2026, bearing interest at an annual rate of 9.6% (2019 - 9.6%), repayable in equal monthly payments of \$195 (2019 - \$195), secured by a \$4,000 guarantee and a restricted bank account.	11,076	12,290
Students Loan Fund loans due in installments to 2035, bearing fixed interest between 0.00% and 11.75%, (2019 - between 0.00% and 10.00%) unsecured, before valuation allowance and loan remissions of \$17,133 (2019 - \$16,837).	40,799	41,129
Northwest Territories Housing Corporation mortgages and loans to individuals 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 between 0.00% and 12.00%, (2019 - between 0.00% and 12.00%) before valuation allowance of \$9,538 (2019 - \$9,989).	12,613	13,486
Other	14	19
	<b>104,715</b>	<b>108,375</b>
Valuation allowances	(30,161)	(30,353)
	<b>74,554</b>	<b>78,022</b>

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Interest earned on loans receivable during the year is \$4,045 (2019 - \$3,739).

Conditional grants have been provided by the Northwest Territories Housing Corporation to eligible homeowners, which are fully forgivable on the condition that the property remains the principal residence and the homeowner's annual income remains below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Northwest Territories Housing Corporation. Conditional grants expensed during the year were \$7,511 (2019 - \$5,030).

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 7. SINKING FUND

The Sinking Fund was established on July 15, 2019 and includes cash held in a separate bank account for the purpose of retiring liabilities under public private partnerships (note 13) for the Tlicho All Season Road contract. As at March 31, 2020, the Sinking Fund balance is \$29,680; the carrying value approximates the market value. The weighted average effective rate of return for the year is 2.35%. Interest earned on the sinking fund during the year is \$381.

As part of the Tlicho All Season Road contract, the Government will make contributions of \$48,000 in 2021 and \$33,910 in 2022. In 2023, at the time of expected completion, the Government will use the Sinking Fund to make a lump sum payment to retire a portion of the related liability under public private partnerships as described in note 13.

#### 8. SHORT TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short-term loans of \$470,238 (2019 - \$333,519) incurred interest at a weighted average year-end rate of 1.69% (2019 - 1.94%). Interest expense on short term loans included in operations and maintenance expenses is \$8,294 (2019 - \$5,141).

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
	\$	\$
Trade	218,269	192,748
Government of Nunavut	2	323
Other liabilities	8,752	7,425
Employee and payroll-related liabilities	103,286	109,306
Accrued interest	2,744	2,692
Workers' Safety and Compensation Commission	106	71
	<b>333,159</b>	<b>312,565</b>

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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

March 31, 2020

(All figures in thousands of dollars)

### 10. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 278 (2019 - 285) sites as potentially requiring environmental remediation at March 31, 2020.

Type of Site	2019 Liability \$	Remediation Expenditures \$	New Sites in 2020 \$	Change in Estimate \$	2020 Liability \$	Number of Sites
Abandoned mines <sup>(1)</sup>	10,638	(433)	-	-	10,205	8
Landfills <sup>(2)</sup>	8,866	(523)	-	522	8,865	42
Abandoned infrastructure and schools <sup>(3)</sup>	13,289	(1,487)	-	2,780	14,582	73
Airports, airport strips or reserves <sup>(4)</sup>	3,465	(138)	700	440	4,467	26
Sewage lagoons <sup>(5)</sup>	2,045	(165)	-	3	1,883	29
Fuel tanks and resupply lines <sup>(2)</sup>	2,419	-	-	-	2,419	12
Abandoned lots and maintenance facilities <sup>(3)</sup>	21,343	(893)	186	3,338	23,974	88
<b>Total environmental liabilities</b>	<b>62,065</b>	<b>(3,639)</b>	<b>886</b>	<b>7,083</b>	<b>66,395</b>	<b>278</b>
Asset retirement obligations	8,493	-	-	423	8,916	
<b>Total</b>	<b>70,558</b>				<b>75,311</b>	

Possible types of contamination identified under each type of site include the following:

- (1) metals, hydrocarbons, asbestos, wood/metal debris, waste rock, old mine buildings, lead paint;
- (2) hydrocarbons, glycol, metals;
- (3) hydrocarbons, petroleum products;
- (4) hydrocarbons, vehicle lubricants, asbestos, glycol;
- (5) metals, e.coli, total coliforms.

There were 11 (2019 - 3) sites closed during the fiscal year as they were either remediated or no longer meet all the criteria required to record a liability for contaminated sites.

Included in the 278 (2019 - 285) sites, there are 68 (2019 - 78) sites where no liability has been recognized. The contamination is not likely to affect public health and safety, cause damage, or otherwise impair the quality of the surrounding environment and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the site will be re-examined. These sites will continue to be monitored as part of the Government's ongoing environmental protection program.

The asset retirement obligation includes NT Hydro's disposal of generating plants on leased land, storage tanks systems and the associated piping for petroleum products in all communities serviced by the Northwest Territories Power Corporation, a subsidiary of NT Hydro. The carrying amount of the obligation is based on total expected cash flows, expected timing of cash flows (majority to occur post 2089), and the weighted average discount rate of 2.48% (2019 - 2.57%) for obligations to be settled in 10 years or less and 3.11% (2019 - 3.04%) for obligations to be settled in 10 years or more.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 11. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2020	2019
	\$	\$
<b>Due from Canada</b>		
Projects on behalf of the Government of Canada	(34,430)	(22,112)
Miscellaneous receivables	(62,823)	(53,416)
	<b>(97,253)</b>	<b>(75,528)</b>
<b>Due to Canada</b>		
Excess income tax advanced	129,909	85,142
Advances for projects on behalf of the Government of Canada	25,060	23,013
Miscellaneous payables	15,180	27,060
	<b>170,149</b>	<b>135,215</b>
	<b>72,896</b>	<b>59,687</b>

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The amounts due to the Government of Canada are non-interest bearing. The excess income tax advanced is repayable over the following years:

	\$
2021	31,472
2022	53,436
2023	45,001
	<b>129,909</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 12. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

	2020	2019
	\$	\$
Loans due to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest at a rate of 6.97% (2019 - 6.97%), unsecured.	4,893	5,359
Mortgages payable to Canada Mortgage and Housing Corporation for three third party loans under the Social Housing Agreement, maturing in 2026 and 2027, bearing interest at rates between 1.05% and 3.13% (2019 - between 1.05% and 3.13%), unsecured.	965	1,096
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2019 - \$7) maturing June 2024, bearing interest at 3.30% (2019 - 3.30%), secured with real property.	366	445
Debentures, due 2025 to 2052, bearing interest between 3.82% and 6.00% (2019 - between 3.82% and 6.00%), unsecured.	90,000	90,000
Amortizing Debentures, due 2032 to 2047, bearing interest between 3.98% and 6.42% (2019 - between 3.98% and 6.42%), unsecured.	107,648	110,609
Series 1, 2 and 3 Debentures, repayable in monthly installments between \$69 and \$73 (2019 - between \$69 and \$73), maturing 2025 to 2026, bearing interest between 9.11% and 10.00% (2019 - between 9.11% and 10.00%), unsecured.	11,078	12,480
Deh Cho Bridge: Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2019 - 3.17%) payable semi-annually, unsecured.	176,560	176,439
	<b>391,510</b>	<b>396,428</b>
Unamortized premium, discount and issuance costs	(742)	(786)
<b>Total long-term debt</b>	<b>390,768</b>	<b>395,642</b>
<b>Capital lease obligations</b>	<b>16,768</b>	<b>17,558</b>
<b>Total long-term debt and capital lease obligations</b>	<b>407,536</b>	<b>413,200</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 12. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (continued)

Long-term debt principal repayments due in each fiscal year for the next five years and thereafter are as follows:

	\$
2021	9,151
2022	9,229
2023	10,293
2024	10,921
2025	11,496
2026 and beyond	340,420
	<b>391,510</b>

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Interest expense on long-term debt, included in operations and maintenance expenses, is \$20,611 (2019 - \$22,138).

Interest expenses related to capital lease obligations for the year is \$1,652 (2019 - \$1,692), at an implicit average interest rate of 9.60% (2019 - 9.55%). Capital lease obligations (expiring between 2021 and 2061) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2020.

#### Debt Authority

The Government has the authority to borrow, pursuant to subsection 28(4) of the *Northwest Territories Act* (Canada), within a borrowing limit authorized by the Government of Canada.

	2020 \$	2019 \$
Short term debt (note 8)	470,238	333,519
Long term debt (note 12)	391,510	396,428
Capital Lease Obligations (note 12)	16,768	17,558
Guarantees (note 18(a))	11,022	12,944
	<b>889,538</b>	<b>760,449</b>
Authorized borrowing limit	1,300,000	1,300,000
<b>Available borrowing capacity before P3s</b>	<b>410,462</b>	<b>539,551</b>
P3 debt (note 13)	273,479	235,721
Less sinking fund (note 7)	(29,680)	-
<b>Available Borrowing capacity</b>	<b>166,663</b>	<b>303,830</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

March 31, 2020

(All figures in thousands of dollars)

#### 13. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into three contracts for the design, build, operation and maintenance of the Mackenzie Valley Fibre Link; the design, build, and maintenance of the Stanton Territorial Hospital Renewal, and the design, build and maintenance of the Tlicho All Season Road. Operations and maintenance provided by the partner cease at the repayment date at which time operational responsibility reverts to the Government.

The calculation of the Public Private Partnerships (P3) liabilities is as follows:

	2019 \$	Additions during the year \$	Principal Payments \$	2020 \$	Repayment date
Stanton Territorial Hospital Renewal	136,654	-	(3,000)	133,654	2048
Mackenzie Valley Fibre Link	77,700	-	(2,400)	75,300	2037
Tlicho All Season Road	21,367	43,158	-	64,525	2047
<b>Total</b>	<b>235,721</b>	<b>43,158</b>	<b>(5,400)</b>	<b>273,479</b>	

The details of the contracts under P3s are as follows:

	Partner	Date contract entered into	Scheduled/actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	5.36%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%
Tlicho All Season Road	North Star Infrastructure GP	February 2019	November 2022	6.53%

Estimated payments for each of the next five years and thereafter to meet P3 principal repayments are as follows:

	\$
2021	5,700
2022	6,000
2023	45,800*
2024	7,160
2025	7,100
2026 and beyond	201,719
	<b>273,479</b>

\*Of the \$45,800, \$39,500 relates to the current Tlicho All Season Road liability (60% of the current liability). In 2023, the Government will make a lump sum payment of \$111.2 million from the Sinking Fund (note 7) to retire 60% of the Tlicho All Season Road liability at the expected time of completion.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 13. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS (continued)

The capital payments for Mackenzie Valley Fibre Link and Stanton Territorial Hospital Renewal are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. The scheduled principal payments for Tlichio All Season Road will include the lump sum payment of \$111.2 million in 2023 at the expected time of completion and then fixed equal monthly payments thereafter. P3 interest expense for the year is \$12,400 (2019 - \$7,700). Interest capitalized in the period as a function of construction or developing tangible capital assets relating to the Stanton Territorial Hospital Renewal is \$0 (2019 - \$2,700); Tlichio All Season Road is \$1,400 (2019 - \$400).

Tangible capital assets, commitments, and contractual rights related to P3 projects are disclosed in note 17 and schedule A.

#### 14. PENSIONS

##### a) Plans' description

The Government administers Regular Pension Plans for Members of the Legislative Assembly (MLAs), Territorial Court Judges, Employees of the Hay River Health and Social Services Authority and the Employees, Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools. These Regular Pension Plans are contributory defined benefit registered pension plans and are pre-funded (Regular Funded). The funds related to these plans are administered by independent trust companies.

In addition to the Regular Pension Plans listed above, the Government administers Supplemental Pension Plans for the MLAs, Territorial Court Judges and Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools that are non-contributory defined benefit pension plans and are non-funded (Supplemental Unfunded). The Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental Pension Plan (note 4). The supplemental Pension Plan for the Yellowknife Catholic Schools Superintendents and Assistant Superintendents is not funded until the employee terminates their employment from Yellowknife Catholic Schools.

The Government is liable for all benefits. All Plans provide death benefits to spouses and eligible dependents. All Plans are indexed. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities, bonds and mortgages.

Benefits provided under all Plans are based on years of service and pensionable earnings. Plan benefits generally accrue as a percentage of a number of years of best average pensionable earnings.

The remaining government employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

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 age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017.

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

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 14. PENSIONS (continued)

##### b) Pension liability

	2020 Regular Funded \$	2020 Supplemental Non funded \$	2020 Total \$
Accrued benefit obligation	95,104	38,524	133,628
Pension fund assets - market-related value	(115,033)	-	(115,033)
Unamortized actuarial gains	1,913	1,100	3,013
<b>Pension liability (asset)</b>	<b>(18,016)</b>	<b>39,624</b>	<b>21,608</b>

	2019 Regular Funded \$	2019 Supplemental Non funded \$	2019 Total \$
Accrued benefit obligation	88,799	37,715	126,514
Pension fund assets - market-related value	(109,209)	-	(109,209)
Unamortized actuarial gains	4,702	843	5,545
<b>Pension liability (asset)</b>	<b>(15,708)</b>	<b>38,558</b>	<b>22,850</b>

Included in the pension asset of \$18,016 (2019 - \$15,708) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,645 (2019 - \$1,963).

# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

March 31, 2020

(All figures in thousands of dollars)

### 14. PENSIONS (continued)

#### c) Change in pension liability (asset)

	2020 Regular Funded \$	2020 Supplemental Unfunded \$	2020 Total \$
<b>Opening balance</b>	<b>(15,708)</b>	<b>38,558</b>	<b>22,850</b>
Change from cash items:			
Contributions from plan members	(2,876)	-	(2,876)
Contributions from Government	(5,907)	-	(5,907)
Benefit payments to plan members	(10,204)	(1,620)	(11,824)
Drawdown from plan assets	10,204	-	10,204
<b>Change from cash items</b>	<b>(8,783)</b>	<b>(1,620)</b>	<b>(10,403)</b>
Change from accrual items:			
Current period benefit cost	6,483	1,358	7,841
Amortization of actuarial gains	(1,347)	(353)	(1,700)
Change in valuation allowance	608	-	608
Interest on average accrued benefit obligation	4,479	1,776	6,255
Impairment on value of accrued pension asset	1,945	-	1,945
Extraordinary items	-	(95)	(95)
Expected return on average plan assets	(5,693)	-	(5,693)
<b>Change from accrual items</b>	<b>6,475</b>	<b>2,686</b>	<b>9,161</b>
<b>Ending balance</b>	<b>(18,016)</b>	<b>39,624</b>	<b>21,608</b>
	<b>2019 Regular Funded \$</b>	<b>2019 Supplemental Unfunded \$</b>	<b>2019 Total \$</b>
<b>Opening balance</b>	<b>(12,340)</b>	<b>36,965</b>	<b>24,625</b>
Change from cash items:			
Contributions from plan members	(2,779)	-	(2,779)
Contributions from Government	(5,500)	-	(5,500)
Benefit payments to plan members	(6,966)	(1,642)	(8,608)
Drawdown from plan assets	6,966	-	6,966
<b>Change from cash items</b>	<b>(8,279)</b>	<b>(1,642)</b>	<b>(9,921)</b>
Change from accrual items:			
Current period benefit cost	6,369	1,375	7,744
Amortization of actuarial (gains) losses	(1,063)	182	(881)
Change in valuation allowance	531	-	531
Interest on average accrued benefit obligation	4,263	1,678	5,941
Expected return on average plan assets	(5,189)	-	(5,189)
<b>Change from accrual items</b>	<b>4,911</b>	<b>3,235</b>	<b>8,146</b>
<b>Ending balance</b>	<b>(15,708)</b>	<b>38,558</b>	<b>22,850</b>



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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 14. PENSIONS (continued)

#### d) Pension expense

The components of pension expense include current period benefit cost, amortization of actuarial net (gains)/losses and interest on average accrued benefit obligation net of the expected return on average plan assets, change in valuation allowance and contributions from plan members. The total expense is \$4,435 (2019 - \$5,367). The interest cost on the accrued benefit obligation is determined by applying the discount rate determined at the beginning of the period to the average value of the accrued benefit obligation for the period. The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. The difference between the expected and actual return on plan assets is a gain of \$832 (2019 - \$1,104).

In addition to the above, the Government contributed \$55,229 (2019 - \$52,158) to the Public Service Pension Plan. The employees' contributions to this plan were \$53,356 (2019 - \$51,133).

#### e) Changes to pension plans in the year

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plan in 2020.

#### f) Valuation methods and assumptions used in valuing pension liability

The following reflects the date of valuation for each plan for accounting purposes:

<b>Pension Plan</b>	<b>Last Actuarial Valuation Accounting Date</b>	<b>Last Extrapolation Date</b>
Legislative Assembly Retiring Allowance Plan	April 1, 2016	January 31, 2020
Judges Registered Plan	April 1, 2019	March 31, 2020
Retirement Plan for Employees of the Hay River Health and Social Services Authority	January 1, 2020	March 31, 2020
Retirement Plan for Employees of the Yellowknife Catholic Schools	June 30, 2019	June 30, 2019

#### *Liability valuation method*

The actuarial valuations were performed using the projected accrued benefit method. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

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#### 14. PENSIONS (continued)

##### f) Valuation methods and assumptions used in valuing pension liability (continued)

###### *Asset valuation method*

The asset valuation method for all the plans is generally market-related value. The market value of the pension assets is \$118,084 (2019 - \$112,050).

###### *Actuarial gains and losses*

Actuarial gains and losses occur when actual experience varies from estimates or when actuarial assumptions change. The adjustments needed are amortized on a straight-line basis over the estimated average remaining service lives of the contributors.

<i>Actuarial assumptions</i>	<b>Yellowknife Catholic Schools' plans</b>	<b>Hay River H&amp;SS Authority plan</b>	<b>MLA's plans</b>	<b>Judges' plans</b>
Expected rate of return on plan assets	4.75%	5.4%	4.8%	4.8%
Rate of compensation increase	2.0%	2.5%	2.0%	3.0%
Annual inflation rate	2.0%	2.0%	2.0%	2.0%
Discount rate	4.75%	5.4%	4.8%	4.8%

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 15. 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 obligation.

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 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.

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 leave commences.

#### Valuation results

The most recent actuarial valuation was completed as at February 15, 2019. The results were extrapolated to March 31, 2020. The effective date of the next actuarial valuation is March 31, 2022. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal \$	Compensated Absences \$	2020 \$	2019 \$
<b>Changes in Obligation</b>				
Accrued benefit obligations, beginning of year	47,197	10,895	58,092	50,544
Current period benefit cost	2,487	866	3,353	3,339
Interest accrued	1,374	336	1,710	1,833
Benefits payments	(7,291)	(5,480)	(12,771)	(9,426)
Plan amendments	-	-	-	86
Actuarial (gains)/losses	(4,285)	3,365	(920)	11,716
Accrued benefit obligations, end of year	39,482	9,982	49,464	58,092
Unamortized net actuarial gain/(loss)	8,090	(7,340)	750	444
Net future obligation	47,572	2,642	50,214	58,536
Other employee future benefits	7,103	-	7,103	6,118
Other compensated absences	-	1,857	1,857	1,550
Total employee future benefits and compensated absences	<b>54,675</b>	<b>4,499</b>	<b>59,174</b>	<b>66,204</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 15. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES (continued)

	Severance and Removal \$	Compensated Absences \$	2020 \$	2019 \$
<b>Benefits Expense</b>				
Current period benefit cost	2,487	866	3,353	3,339
Interest accrued	1,374	336	1,710	1,833
Plan amendments	-	-	-	86
Amortization of actuarial (gain)/loss	(1,204)	590	(614)	(2,023)
	<b>2,657</b>	<b>1,792</b>	<b>4,449</b>	<b>3,235</b>

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The discount rate used to determine the accrued benefit obligation is an average of 2.7% (2019 - 3.2%). The expected payments during the next five fiscal years are:

	Severance and Removal \$	Compensated Absences \$	Total \$
2021	7,844	1,625	9,469
2022	5,938	1,285	7,223
2023	4,867	1,104	5,971
2024	4,119	978	5,097
2025	3,726	888	4,614
	<b>26,494</b>	<b>5,880</b>	<b>32,374</b>

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#### 16. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash and term deposits of \$17,815 (2019 - \$17,421) which include Public Trustees and Securities for land use permits and water licenses and oil and gas.

In addition to the trust assets under administration, the Government holds cash and bank guarantees in the form of letters of credit and surety bonds in the amount of \$678,637 (2019 - \$640,051). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

## Government of the Northwest Territories

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(All figures in thousands of dollars)

#### 17. CONTRACTUAL OBLIGATIONS AND RIGHTS

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2020:

	Expiry Date	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$	Total \$
Operational commitments	2048	142,670	78,717	43,510	16,729	1,326	7,431	290,383
RCMP policing agreement	2032	47,379	47,379	47,379	47,379	47,379	329,600	566,495
Commercial leases	2052	28,754	20,716	17,084	14,436	8,883	96,159	186,032
Equipment leases	2026	1,650	1,014	675	393	300	190	4,222
TCAs in progress at year end	2024	71,584	6,392	896	698	485	1,025	81,080
P3 Operational commitments	2049	10,961	11,973	15,394	16,624	17,548	473,787	546,287
P3 TCAs in progress at year end	2022	82,580	59,578	202	202	-	-	142,562
		<b>385,578</b>	<b>225,769</b>	<b>125,140</b>	<b>96,461</b>	<b>75,921</b>	<b>908,192</b>	<b>1,817,061</b>

Included within Commercial leases is a lease commitment of \$3.5 million per year over 30 years estimated to begin on November 21, 2022 that is subject to a CPI adjustment every five years. The adjustment will be equal to the average percentage increase or decrease in the CPI index over the preceding five years. As part of this lease commitment, the Government has a contractual right equal to annual profit sharing of 50% of the net income generated by the lessor less annual payments of \$528.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2020:

	Expiry Date	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$	Total \$
Transfer Payments	2049	195,593	256,976	165,899	125,687	101,560	202,737	1,048,452
Regulatory Revenue	2026	1,154	809	809	629	151	9	3,561
Lease Revenue	2051	4,670	4,267	3,985	3,931	3,868	31,792	52,513
Licence Revenue	2039	439	371	292	240	131	512	1,985
Other	2043	5,804	727	662	656	619	10,534	19,002
		<b>207,660</b>	<b>263,150</b>	<b>171,647</b>	<b>131,143</b>	<b>106,329</b>	<b>245,584</b>	<b>1,125,513</b>

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 18. GUARANTEES AND CONTINGENCIES

##### (a) Guarantees

The Government has guaranteed residential housing loans to banks totaling \$380 (2019 - \$555) and indemnified Canada Mortgage and Housing for third party loans totaling \$8,203 (2019 - \$12,389). In addition, the Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's percentage is limited to the ratio of the Northwest Territories' population to the Canadian population.

The Northwest Territories Business Development and Investment Corporation (BDIC) has one (2019 - three) outstanding loans to two Northern Community Futures organizations totaling \$339 (2019 - \$409). Loans provided may be assigned to the BDIC when impaired. If assigned, the BDIC would then write-off the Northern Community Futures organization loan balance and would attempt to recuperate its loss. In 2020, one account in the amount of \$10 was assigned to BDIC (2019 - \$0).

The BDIC has two (2019 - two) outstanding irrevocable standby letters of credit totaling \$2,100 (2019 - \$2,100) that will expire in 2021. Payment by the BDIC is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the BDIC has to pay out to third parties as a result of these agreements, these payments will be owed to the BDIC by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2019 - nil).

##### (b) Claims and litigation

There are a number of claims and pending and threatened litigation cases outstanding against the Government. In certain of these cases, pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 55.66% and 44.34%, respectively. The Government has recorded a provision for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The provision is based upon estimates determined by the Government's legal experts experience or case law in similar circumstances. At year-end, the Government estimated the total claimed amount for which the outcome is not determinable at \$106,630 (2019 - \$93,727). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 19. TRANSFER PAYMENTS, TAXATION AND GENERAL REVENUE

	2020	2019
	\$	\$
Transfer payments:		
Capital transfers	36,872	30,309
Canada Health and Social Transfer Reform Fund	66,757	64,741
Federal cost shared	97,394	77,267
Other	35,067	37,754
	<hr/> 236,090	<hr/> 210,071
Taxation:		
Corporate Income Tax	(8,781)	(4,753)
Personal Income Tax	97,789	110,609
	<hr/> 89,008	<hr/> 105,856
Other taxes:		
Cannabis	168	111
Carbon	12,611	-
Fuel	17,564	22,863
Tobacco	14,967	15,822
Payroll	42,906	43,445
Property and school levies	39,156	36,473
Insurance	5,664	5,814
	<hr/> 133,036	<hr/> 124,528
General:		
Lease	4,100	3,828
Regulatory	37,182	35,377
Sundry and other	48,868	28,341
Interest	7,658	6,678
Gain on disposition of assets	167	141
Grants in kind	3	305
	<hr/> 97,978	<hr/> 74,670
	<hr/> <b>556,112</b>	<hr/> <b>515,125</b>

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Transfer payment revenue comprises of transfers received from the Government of Canada. Federal cost shared transfer payments relate to those service agreements that are funded by both the Government and the Government of Canada. Other transfer payments comprises of contributions from the Canada Mortgage and Housing Corporation and of grants and contributions received by the Government's public agencies.

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## Government of the Northwest Territories

### Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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#### 20. EXPENSES

Expenses of various Government departments, its territorial corporations and other public agencies are aggregated in the Statement of Operations as follows:

Environment and economic development	Department of Environment and Natural Resources Department of Industry, Tourism and Investment NWT Business Development and Investment Corporation Northwest Territories Heritage Fund Arctic Energy Alliance Inuvialuit Water Board
Infrastructure	Department of Infrastructure Department of Lands Northwest Territories Hydro Corporation Northwest Territories Surface Rights Board
Education	Department of Education, Culture and Employment Aurora College All Divisional Education Councils in the NWT All District Education Authorities in the NWT Tlicho Community Services Agency (education portion)
Health, social services, and housing	Department of Health and Social Services All Health and Social Services Authorities in the NWT Tlicho Community Services Agency (health portion) Northwest Territories Housing Corporation Status of Women Council of the Northwest Territories
Justice	Department of Justice
General Government	Department of Executive and Indigenous Affairs Department of Finance Department of Municipal and Community Affairs Northwest Territories Sport and Recreation Council
Legislative Assembly and statutory offices	Legislative Assembly Northwest Territories Human Rights Commission



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# Government of the Northwest Territories

## Notes to Consolidated Financial Statements

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March 31, 2020

(All figures in thousands of dollars)

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### 21. OVEREXPENDITURE

During the year 1 departments (2019 - 2) exceeded their operations vote by \$23 (2019 - \$5,958) and 0 departments (2019 - 2) exceeded their capital vote (2019 - \$4,597).

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 department to be exceeded".

The voted items that were over expended in the current year is as follows:

Department of Legislative Assembly (operations)	\$23
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These overexpenditures have been deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

### 22. SUBSEQUENT EVENTS

#### *COVID-19*

On March 22, 2020, the Government declared a public health emergency in response to the COVID-19 global pandemic. The Government implemented various programs and publicly announced supports and financial relief to individuals, businesses and organizations in response to the COVID-19 pandemic. The Government continues to assess and monitor the impact of COVID-19 on its financial condition, including the likelihood of decreased revenues and increased expenses as a direct result of the crisis. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential future impact on the Government's financial position and operations.

#### *Increase to borrowing limit*

The Government of Canada approves the Government's borrowing limit pursuant to subsection 20(2) of the *Northwest Territories Act* (Canada). Effective June 12, 2020 the Government's borrowing limit was increased to \$1,800,000 by Order in Council P.C. 2020-0661, dated September 20, 2020.

#### *Bond issuance*

On September 29, 2020, the Government issued \$180,000 in bonds. The bonds are due September 29, 2051, with semi-annual interest payments at a coupon rate of 2.20% per year. The raised funds will be used to convert short-term debt to long-term debt.

**Government of the Northwest Territories**

**Schedule A**

**Consolidated Schedule of Tangible Capital Assets**

**for the year ended March 31,** (All figures in thousands of dollars)

	Land <sup>5</sup>	Building and Leasehold Improvements <sup>1,6</sup>	Infrastructure and Other <sup>1,2</sup>	Roads and Bridges	Equipment <sup>1</sup>	Computers	Work in Progress <sup>3,4</sup>	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	23,363	1,911,286	801,778	1,737,970	262,587	150,480	494,881	5,382,345	5,116,867
Transfers	372	407,433	21,151	43,862	24,149	12,129	(509,096)	-	-
Acquisitions	-	116	268	-	2,446	-	266,797	269,627	280,365
Write-downs	-	-	-	-	-	-	-	-	(29)
Disposals	(2)	(3,927)	(2,870)	-	(6,752)	(2,675)	-	(16,226)	(14,858)
Cost of tangible capital assets, closing	23,733	2,314,908	820,327	1,781,832	282,430	159,934	252,582	5,635,746	5,382,345
Accumulated amortization, opening	-	(822,093)	(305,832)	(559,754)	(146,487)	(95,290)	-	(1,929,456)	(1,796,385)
Amortization expense	-	(59,695)	(22,531)	(46,219)	(13,428)	(11,775)	-	(153,648)	(146,662)
Disposals	-	2,496	1,456	-	6,453	2,301	-	12,706	13,591
Accumulated amortization, closing	-	(879,292)	(326,907)	(605,973)	(153,462)	(104,764)	-	(2,070,398)	(1,929,456)
<b>Net book value</b>	<b>23,733</b>	<b>1,435,616</b>	<b>493,420</b>	<b>1,175,859</b>	<b>128,968</b>	<b>55,170</b>	<b>252,582</b>	<b>3,565,348</b>	<b>3,452,889</b>

<sup>1</sup> Included in buildings and leasehold improvements, infrastructure and other, and equipment are assets under capital lease cost \$32,643 (2019 - \$34,018); accumulated amortization, \$11,644 (2019 - \$12,461); net book value, \$20,999 (2019 - \$21,557).

<sup>2</sup> Includes ferries, barges, airstrips, aprons, fuel distribution systems, park improvements, aircraft, water/sewer works, fences, signs, transmission and distribution systems and electric power plants.

<sup>3</sup> Included in work in progress are costs related to P3 projects: Ticho All Season Road \$77,501 (2019 - \$32,145).

<sup>4</sup> Not included in acquisitions of tangible capital assets on the statement of cash flow are non-cash items of \$49,585 (2019 - \$73,179).

<sup>5</sup> Land with cost and net book value of \$0, market value \$249 (2019 - \$2,184) was contributed to third parties.

<sup>6</sup> Included in buildings and leasehold improvements are capitalized costs for the Stanton Territorial Hospital Renewal P3 project \$321,211 (2019 - \$0).

**Government of the Northwest Territories  
Consolidated Schedule of Segmented Information**

**Schedule B**

**for the year ended March 31,** (All figures in thousands of dollars)

	Departments <sup>1</sup>	Other Public Agencies <sup>2</sup>	Total for All Segments	Adjustments <sup>3</sup>	2020	2019
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Grant from the Government of Canada	1,309,278	-	1,309,278	-	1,309,278	1,256,289
Transfer payments	201,023	35,067	236,090	-	236,090	210,071
	<b>1,510,301</b>	<b>35,067</b>	<b>1,545,368</b>	<b>-</b>	<b>1,545,368</b>	<b>1,466,360</b>
Taxation, non-renewable resource and general revenues						
Corporate and personal income taxes	89,008	-	89,008	-	89,008	105,856
Other taxes	123,080	10,528	133,608	(572)	133,036	124,528
General	73,583	795,542	869,125	(771,147)	97,978	74,670
Income from portfolio investments	4,526	1,527	6,053	-	6,053	3,393
Non-renewable resource revenue	23,794	-	23,794	-	23,794	23,258
Sales	127,338	89,854	217,192	(43,148)	174,044	185,197
Recoveries	23,396	17,836	41,232	(963)	40,269	40,708
	<b>464,725</b>	<b>915,287</b>	<b>1,380,012</b>	<b>(815,830)</b>	<b>564,182</b>	<b>557,610</b>
Recoveries of prior years' expenses	14,044	-	14,044	(93)	13,951	13,625
	<b>1,989,070</b>	<b>950,354</b>	<b>2,939,424</b>	<b>(815,923)</b>	<b>2,123,501</b>	<b>2,037,595</b>
<b>Expenses</b>						
Grants and contributions	906,429	-	906,429	(649,749)	256,680	226,802
Operations and maintenance	633,690	392,163	1,025,853	(158,552)	867,301	803,068
Compensation and benefits	400,664	521,416	922,080	(2,917)	919,163	853,829
Change in valuation allowances	4,025	-	4,025	-	4,025	3,104
Amortization of tangible capital assets	117,412	36,190	153,602	46	153,648	146,662
	<b>2,062,220</b>	<b>949,769</b>	<b>3,011,989</b>	<b>(811,172)</b>	<b>2,200,817</b>	<b>2,033,465</b>
<b>Annual operating surplus (deficit)</b>	<b>(73,150)</b>	<b>585</b>	<b>(72,565)</b>	<b>(4,751)</b>	<b>(77,316)</b>	<b>4,130</b>
Projects on behalf of third parties						
Expenses	(110,635)	-	(110,635)	-	(110,635)	(111,998)
Recoveries	110,635	-	110,635	-	110,635	111,998
	<b>(73,150)</b>	<b>585</b>	<b>(72,565)</b>	<b>(4,751)</b>	<b>(77,316)</b>	<b>4,130</b>

<sup>1</sup> Departments consist of all those listed in Note 20 that begin with the word "Department" and the Legislative Assembly.

<sup>2</sup> Public agencies consist of those listed in Note 20 other than Departments and the Legislative Assembly.

<sup>3</sup> Includes adjustments to eliminate inter-entity balances to comply with Canadian public sector accounting standards of consolidated financial statements; for example, contributions by departments to boards and agencies are shown under grants and contributions expense under the "Departments" column. The amounts received by the applicable board or agency (e.g. Health and Social Services Authority, Divisional Education Council) are shown under general revenue in the "Other Public Agencies" column. These amounts are eliminated upon consolidation to avoid double counting and result in significant amounts shown in the "Adjustments" column.

**GOVERNMENT OF THE NORTHWEST TERRITORIES  
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2020**

**HONOURABLE CAROLINE WAWZONEK  
Minister of Finance**

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## **INTRODUCTION**

The Public Accounts report the financial position and results of operations of the Government for a fiscal year. The Consolidated Statement of Financial Position discloses the assets, liabilities, accumulated surplus or deficit, as well as the net debt position of the Government. The Consolidated Statement of Change in Net Debt discloses the significant items that impacted the Government's net debt position since the last fiscal year end. The financial position of the Government is measured at a specific point in time (March 31 fiscal year end), whereas information relating to revenues and expenses encompasses the results for a fiscal year as disclosed in the Consolidated Statement of Operations. It is important to note that the financial position of the Government is often quite different from the financial condition of the economy.

The financial health of a government can be measured by its sustainability, flexibility, and vulnerability, looked at in the context of the overall economic and financial environment. These terms are defined as follows:

- **Sustainability:** the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy.
- **Flexibility:** the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.
- **Vulnerability:** the degree to which a government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.

The information provided in the following pages is intended to assist readers of the Public Accounts in their assessment of the Government's financial health. It is important to note that the information contained within the Consolidated Financial Statements (Public Accounts – Section I) includes all Government-controlled organizations as well as the Government. Collectively, these entities are referred to as the Government Reporting Entity. Organizations included in the Government Reporting Entity are listed in Note 1 of the Consolidated Financial Statements.



## EXECUTIVE SUMMARY - FINANCIAL HIGHLIGHTS

The executive summary provides a summary of key events affecting the results within the Public Accounts and includes a discussion on these results compared to the original plan (budget).

The consolidated results of operations for the fiscal year ending March 31, 2020 and the financial position as at March 31, 2020 are summarized below:

(\$ in thousands)

	<b>Budget 2020</b>	<b>Actual 2020</b>	<b>Actual 2019</b>
Total Revenue	2,203,952	2,123,501	2,037,595
Total Expense	2,128,619	2,200,817	2,033,465
Annual surplus (deficit)	<b>75,333</b>	<b>(77,316)</b>	<b>4,130</b>
Financial assets		539,808	487,341
<i>Less: Total liabilities</i>		1,850,768	1,611,923
<b>Net debt</b>		<b>(1,310,960)</b>	<b>(1,124,582)</b>
<u>Non-financial assets</u>		<u>3,591,568</u>	<u>3,482,506</u>

The 2020 consolidated financial statements report a deficit of \$77.3 million, which is \$152.6 million less than the original budget. Subsequent budget adjustments approved during the fiscal year are not reflected as the budget is presented in accordance with Public Sector Accounting Standards (PSAS). Budget adjustments made during the year typically reflect new information that is not known at the time the original budget is approved, as well as changes in revenues, expenses or both. Mid-year budget adjustments should be considered before any conclusions are drawn with respect to operational results.

Net debt increased by \$186.4 million in 2020, largely due to investment in capital infrastructure. This increase is mostly attributable to increases in short term borrowing and the financing related to public private partnerships (P3).

The Northwest Territories economy (real Gross Domestic Product) is estimated to have declined 8.8% in 2019, compared to the national rate of 1.7%. The 2019 real GDP decline is due to lower carat production from the diamond mines, and completion of the Stanton Hospital Renewal Project. These declines are slightly offset by an increase in oil and gas extraction.

The Government's own-source revenues are directly linked to the Northwest Territories (NWT) economy. For example, the Government relies on a small number of resource based companies for the majority of its corporate tax revenue, whose incomes fluctuate significantly with economic events. In addition, the Government collects resource revenues, that it shares with the federal government and Indigenous partner organizations, which reduces the fiscal benefit of non-renewable resource revenue for the Government. However as the Government relies on federal transfers for the majority of its revenues the overall linkage between the economy and the Government's total revenues does not appear very strong.

The NWT continues to manage growth in spending, while making targeted investments to encourage economic growth and address infrastructure needs. Cumulative infrastructure investments of \$5.6 billion focusing on health care, education and transportation have made the NWT a safer, more competitive and productive territory, while supporting the creation of jobs in construction and related industries.

### **Financial Health**

A government's financial health should be measured in terms of sustainability, flexibility and vulnerability. The preceding measures have attempted to show how the Government's fiscal health measures up from this standpoint. This suggests the following conclusions:

- **Sustainability** – at the end of the 2020 fiscal year the Government has a net debt position of \$1.3 billion compared to net debt of \$1.1 billion at the end of the prior fiscal year. The net debt represents 61.7% of total revenue. Future investments in infrastructure and operations cannot be sustained at the present level without incurring more debt.
- **Flexibility** – pertains to the Government's ability to increase its financial resources. The majority of revenue comes from the Territorial Formula Financing Grant from the Government of Canada. The Government's own-source revenues, net of \$23.8 million in non-renewable resource revenues, decreased to 26.1% of total revenue in 2020 (26.9% - 2019). The Government's limited flexibility to increase taxes combined with a small tax base makes a significant increase in own-source revenues unlikely in the short term.

At March 31, 2020, the Government has a federally imposed borrowing limit of \$1.3 billion. Although the Government is currently under this limit, \$1.3 billion represents 59.1% of total expenses in 2020. The limit on the borrowing capacity precludes the use of debt to increase financial

resources; as well, an increase in debt would at best provide short term flexibility.

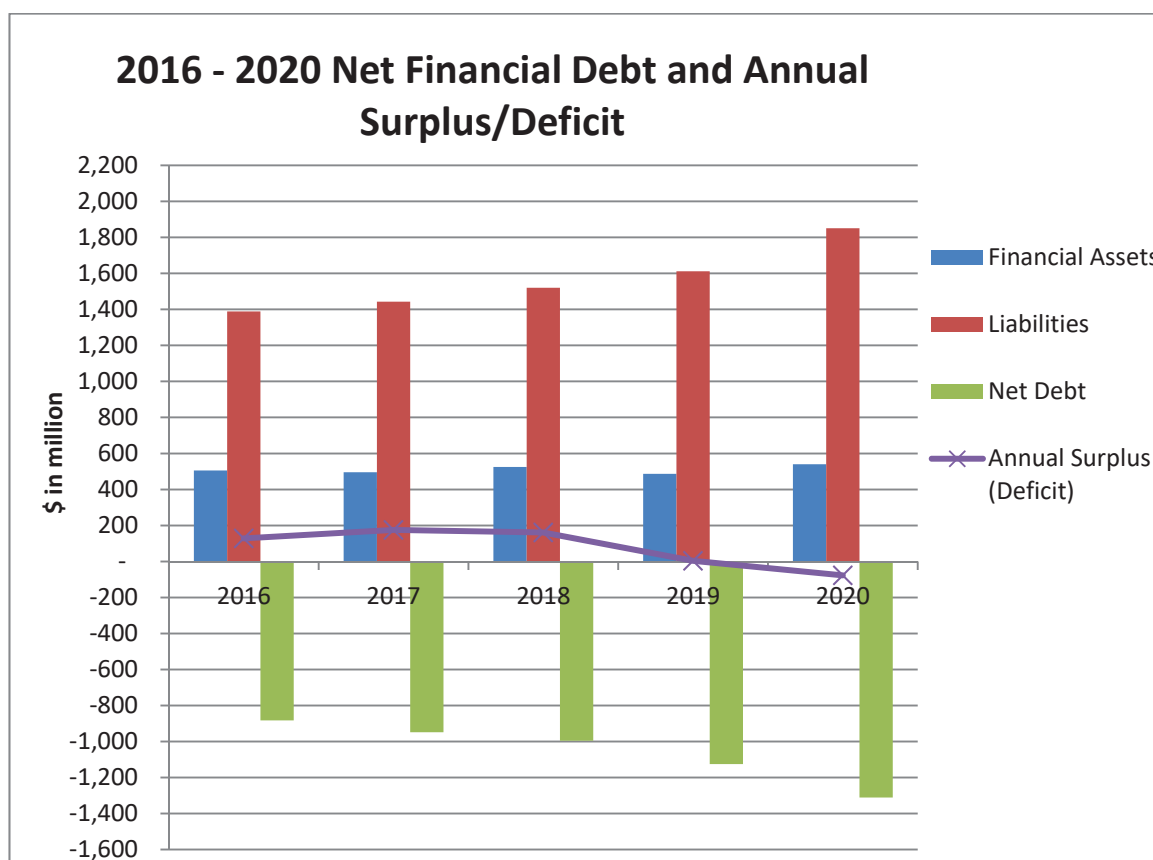
- ***Vulnerability*** – to assess the Government’s vulnerability, it is not necessary to look further than the Government’s limited own-source revenues and the volatility related to corporate and personal income taxes. The Government’s largest source of revenue is the grant and transfer payments from Canada which represent 72.8% of total revenue for the current year. The formula determining the Territorial Formula Financing Grant is established under federal legislation and will remain in effect until March 31, 2024.

In summary, the Government cannot sustain the current level of investment in infrastructure and operations without incurring more debt. The Government has limited flexibility to raise new revenues, and continues to be vulnerable to federal control over changes to its future revenues.

## ANNUAL AND ACCUMULATED SURPLUS/DEFICIT AND NET DEBT

Net financial resources result when there are financial assets remaining after deducting all liabilities of the Government. Net debt results when liabilities are more than financial assets. The Government is in a net debt position as liabilities exceeded financial assets at the end of the fiscal year. Over the last five years, the Government's net debt has been increasing. This occurs as other factors that impact net debt do not impact annual surplus, most notably a reduction in cash or an increase in debt as the result of investing in infrastructure. The composition of net debt is shown on the Consolidated Statement of Change in Net Debt within Section 1 of the Public Accounts.

The graph below illustrates the Government's net debt position and annual surplus/deficit at the end of each of the last five fiscal years.

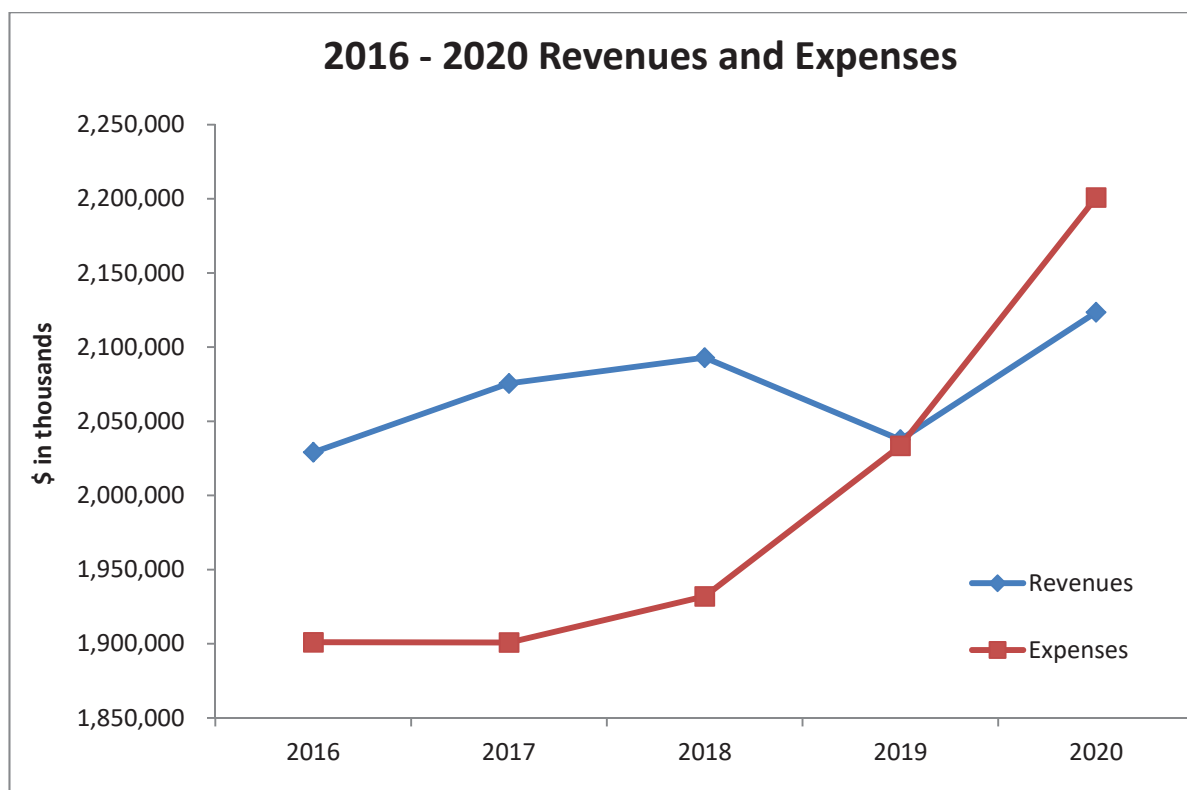


Net debt increased during the 2020 fiscal year largely due to investment in capital infrastructure. This increase continues to be mostly attributable to an increase in short term borrowing and the financing related to public private partnerships (P3).

Net debt is added to the Government’s accumulated investment in non-financial assets (tangible capital assets/prepaid expenses/inventories held for use) resulting in the accumulated surplus balance at the end of the year.

Net debt represents the debt burden on future generations that must be recovered through future revenues. An important measure of the flexibility of a government is the level of financial assets available to meet current and future obligations, as well as its ability to absorb any budgeted annual deficit.

## REVENUES AND EXPENSES



\* Revenues depicted above include recoveries of prior year expenditures

In 2018, expenses began to increase to reflect the expenses from new revolving funds that started operating that year. In 2019, expenses increase due to an increase in operations in one of the Revolving Funds. In 2020, expenses increase due to collective agreement wage increases for all employees as well as increased Health and Social Services operational expenditures due to operating the new Stanton Hospital, compounded by including infrastructure investments deemed non capital related to the new Stanton Hospital. Revenue increases in 2020 due to a higher Territorial Formula Financing grant from Canada as a result of an increase in the Gross Expenditure Base.

## **REVENUES BY SOURCE**

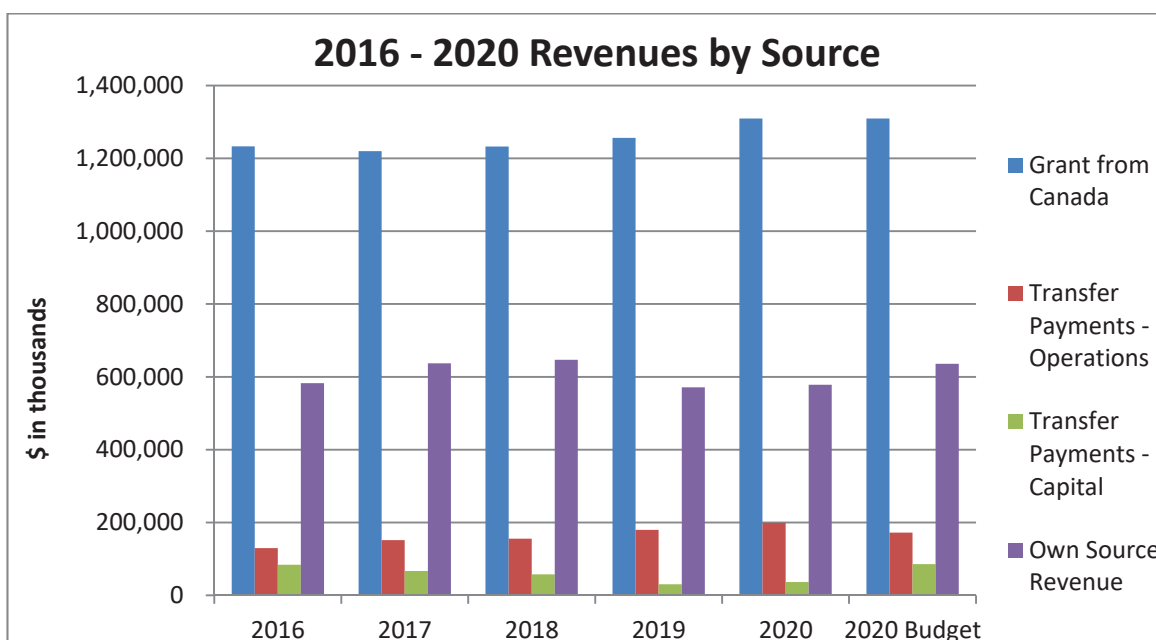
The Government funds programs and services through a combination of transfers from the federal government and own-source revenues. In order to assess the long-term sustainability of the present level of programs and services, various key indicators are monitored on an ongoing basis, including the following:

- Growth rates of revenues and expenditures;
- Changes in the net debt to revenue ratio; and
- Impacts of one-time (or non-recurring) events.

The most significant factor that contributes to revenues being more unpredictable than expenses in any given year is volatility in corporate income tax. NWT corporate income tax revenues are volatile as the majority of corporate income tax revenues are generated by a small number of resource based tax payers, whose taxable income fluctuates depending on production and global commodity prices.

The Territorial Formula Financing Grant calculation is based on a three-year moving average of data, which includes a two-year lag. As a result, changes in underlying variables, such as corporate income tax, do not lead to a corresponding impact (up or down) on the Grant until the second, third and fourth years following the year of the change to the revenue in question. For example, in the event of a revenue shortfall in corporate income tax, the resulting positive offset on the Grant would occur in one-third increments; in the second, third and fourth years following the year in which the shortfall took place.

Transfer payments revenues related to the purchase or construction of a tangible capital asset, whether fully funded or cost-shared, 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 transfer stipulations give rise to an obligation that meets the definition of a liability. This is another significant factor that contributes to revenues being unpredictable. For large projects; this causes revenue to be higher than it would normally be as expenditures related to this are capital in nature. The impact on operational expenses will be over future years as the asset is amortized.



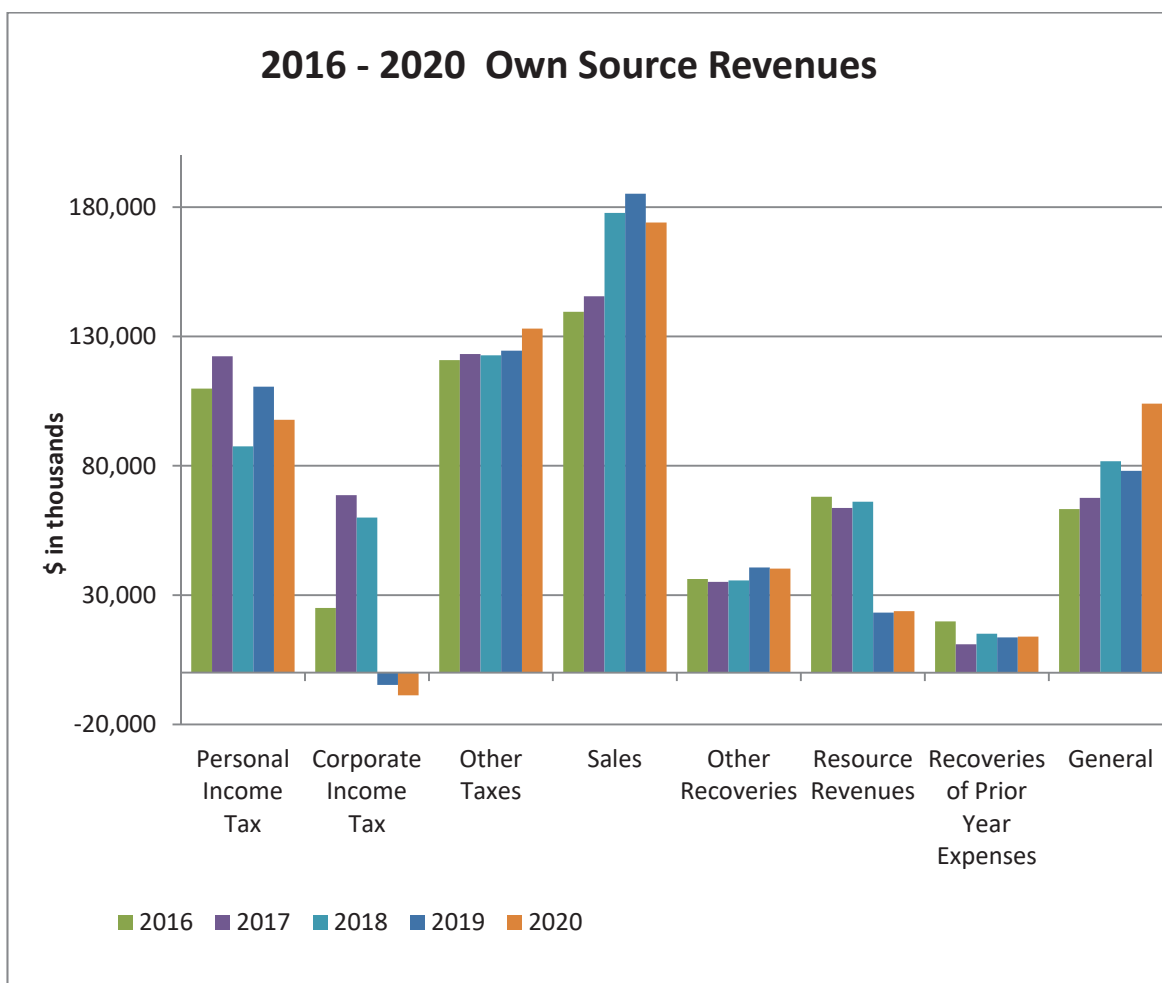
\* Own source revenues include recoveries of prior year expenditures

Total revenue in 2020 is \$2.1 billion, a decrease of \$80.5 million or 3.7 per cent from the original budget. This decrease is primarily due to lower than budgeted transfer payments, non-renewable resource revenue and corporate and personal income taxes.

#### *Territorial Formula Financing Grant from Canada*

The Territorial Formula Financing Grant is \$1.3 billion in 2020, an increase of \$53.0 million from 2019. This is due to an increase in the Grant's Gross Expenditure Base of \$53.0 million. Eligible revenues and the resource revenue offset are flat compared to 2019.

The Territorial Formula Financing Grant is an annual formula-based calculation to fill the fiscal gap between the Government's expenditure needs and its ability to raise revenues. The NWT's Grant equals the difference between its Gross Expenditure Base and a measure of revenue capacity known as eligible revenues. The Gross Expenditure Base is an estimate of the expenditure requirements of the Government, which takes into account the higher costs and needs in the NWT to deliver public services of similar quality to those in the provinces. The Gross Expenditure Base is increased annually by the growth in provincial and local government spending and the growth in the NWT population relative to the growth in the Canadian population. Eligible revenues are calculated by determining what the Government could have raised in revenues at national average tax rates and reducing that amount by a 30 per cent Economic Development incentive. The resource revenue offset reduces the amount of the grant by 50 per cent of resource revenues, lagged by two years.



*Own-Source Revenue*

The Government’s major own-source revenues, corporate and personal income tax, tobacco tax, fuel tax, and payroll tax (excluding non-renewable resource revenues), average approximately 26.1% of total revenues indicating a reliance on the Territorial Formula Financing Grant. Grants and transfer payments from Canada vary, accounting for approximately 72.8% of total revenues for the current year.

With the exception of corporate income tax, personal income tax and non-renewable resource revenues, other own-source revenues are proven to be fairly consistent over the years. Corporate income tax revenue is volatile as it is dependent upon a small base of significant taxpayers.

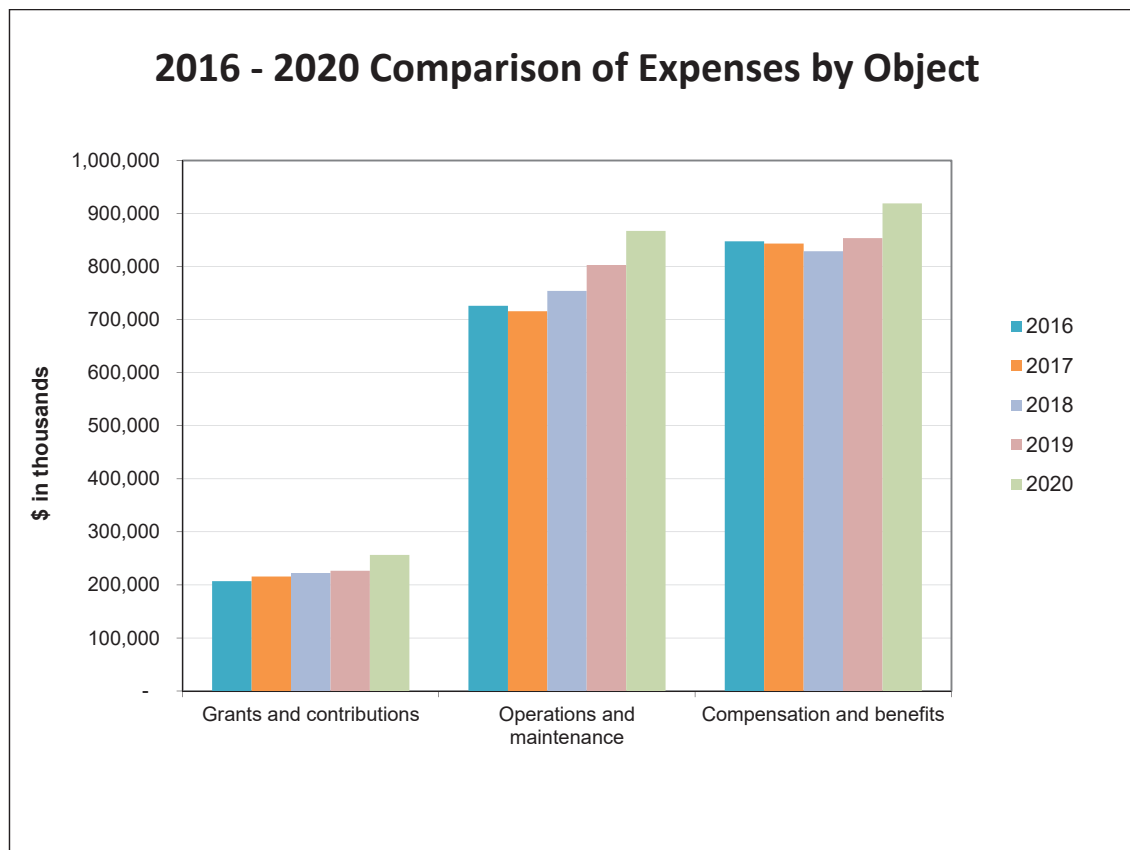


After a tax year ends, tax payers are required to file their income tax returns by the deadline: April 30 for personal income tax and six months after the corporation fiscal year-end for corporate income tax. Because of this delay, for a given tax year, the Government receives advance payments from Canada based on the federal estimate of the territorial tax to be collected by Canada Revenue Agency for that year. After tax payers file their income taxes, the actual territorial taxes collected are compared against the advance payments the Government received in the previous year. If the taxes collected exceed the advance payments, the Government receives an extra payment for the underpayment. Conversely, if the taxes collected fall short of the advance payments, the Government pays back the overpayment to Canada.

- In 2020, personal income tax revenues decreased by \$12.8 million from 2019 due to two factors: a \$4.6 million decrease in advance payments related to the current tax year and an \$8.2 million net reduction related to the previous year tax assessments.
- In 2020, corporate income tax revenues decreased by \$4.0 million from 2019 due to two factors: a \$14.3 million decrease in advance payments related to the current tax year offset by \$10.3 million in previous year tax assessments.

Non-renewable resource revenues increased in 2020 by \$0.5 million from 2019. Non-renewable resource revenues are subject to volatility and the revenue streams fluctuate annually based on production and work bid deposits that are forfeited. In addition, non-renewable resource revenues are generated as the resources are extracted and are therefore finite. Non-renewable resource revenues, after sharing with the federal and Indigenous partners (signatories to the Northwest Territories Lands and Resources Devolution Agreement) are used to fund infrastructure, pay down debt and contribute to the NWT Heritage Fund.

**EXPENSES BY OBJECT**



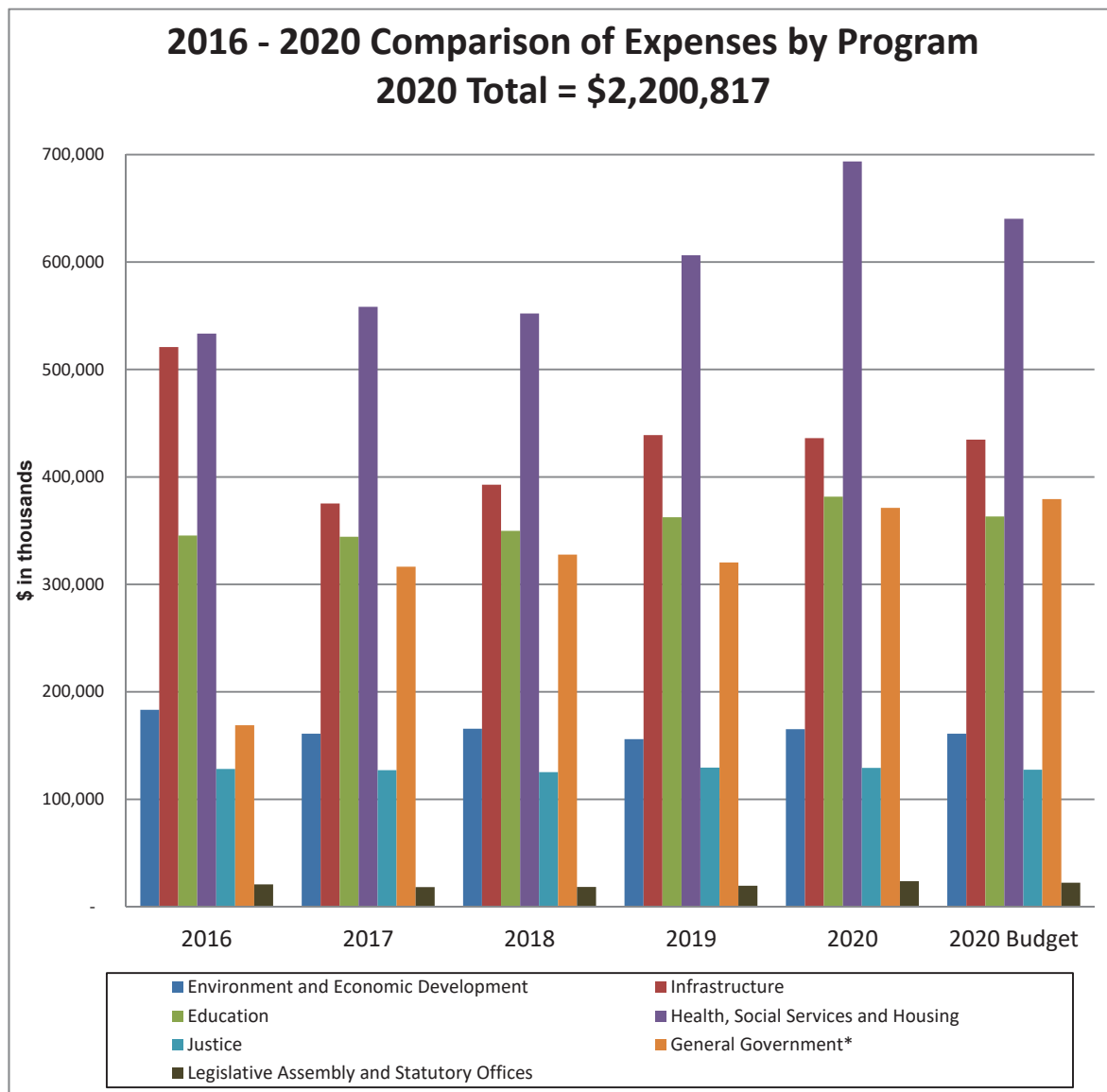
The graph above provides information on the consolidated Government’s operations. Total expenses in 2020 are \$2.2 billion; this is 3.4% higher than budget and are 8.2% higher than 2019.

Grants and contributions from the Government to boards and agencies consolidated in Section I of the Public Accounts are reported under two categories (operations and maintenance, compensation and benefits) to better reflect the nature of the final expense types. This classification does not change the way that these government organizations are funded as many of our social and educational programs are funded by contributions from the Government. Many components of these funding agreements with boards and agencies are fixed costs incurred by the recipients and as the major (or sole) provider of funds, the Government cannot vary the funding without affecting the level of output by these boards and agencies.

In addition, lease commitments and other contractual obligations, which are disclosed in the notes to the Consolidated Financial Statements, are long-term fixed costs over which there is little discretion to be exercised in the short-term.

The Government is also vulnerable to inflation for operational expenses. The direct wages of the Government and its boards and agencies are vulnerable to inflation. Compensation and benefits also comprise a significant factor in determining the amount of grants and contributions given out to third parties.

**EXPENSES BY PROGRAM**



\*Prior to 2017 the expenses for the Department of Municipal and Community Affairs and the Northwest Territories Sport and Recreational Council were part of Infrastructure; these expenditures are now included in General Government

The Government spends the majority of its budget on social programs (education, health, social services and housing, general government and infrastructure), with the remaining budget allocated to justice, environment and economic development and the legislative assembly and statutory offices. Any additional resources to improve a service often have to be made at the expense of other important needs. Balancing a budget entails not only controlling expenses but also finding the most effective and efficient mix of programs.

The following comparisons to budget are based on original plans and do not include supplementary appropriations/or budget adjustments:

- Environment and economic development expense is \$165.3 million in 2020. This is \$4.3 million or 2.6% more than budgeted due to increased costs related to the Environment and Climate Change Canada Boreal Caribou Range Planning agreement.
- Infrastructure expense is \$436.1 million in 2020 which is consistent with the budgeted amount.
- Education expense is \$381.7 million in 2020. This is \$18.4 million or 5.1% more than budgeted mostly due to higher demand for payments related to the Income Assistance program.
- Health, social services and housing expense is \$693.7 million in 2020. This is \$53.4 million or 8.3% more than budgeted due to more than anticipated hospital and physician services provided to NWT residents outside the NWT, in addition to an increase in operations as a result of having to include infrastructure investments not deemed as capital and increased operational expenditures due to operating the new Stanton Hospital.
- Justice expense is \$129.2 million in 2020 which is consistent with the budgeted amount.
- General government expense is \$371.2 million in 2020. This is \$8.1 million or 2.1% less than budgeted largely due to the lower resource revenue transfers made to indigenous groups than budgeted.
- Legislative Assembly and statutory offices expense is \$23.7 million in 2020 which is consistent with the budgeted amount.

## GROSS DOMESTIC PRODUCT

Gross Domestic Product (GDP) represents the total unduplicated value of goods and services produced within the geographical boundaries of a country, province or territory, regardless of whether the factors of production involved are resident or non-resident. GDP is presented in chained dollars. Chained dollars are a real measure of GDP meaning pricing effects are excluded providing a direct comparison of the quantity of goods and services produced from year to year; GDP changes because the quantity of goods and services changes. Estimates of GDP are typically expressed at basic prices, which exclude the impact of taxes and subsidies in the estimate.

For the NWT, Statistics Canada estimated GDP is \$4.3 billion for 2019, which represents 8.8% decrease relative to prior year. This decline is due to lower carat production from the diamond mines, and completion of the Stanton Hospital Renewal Project. These declines are slightly offset by an increase in oil and gas extraction.

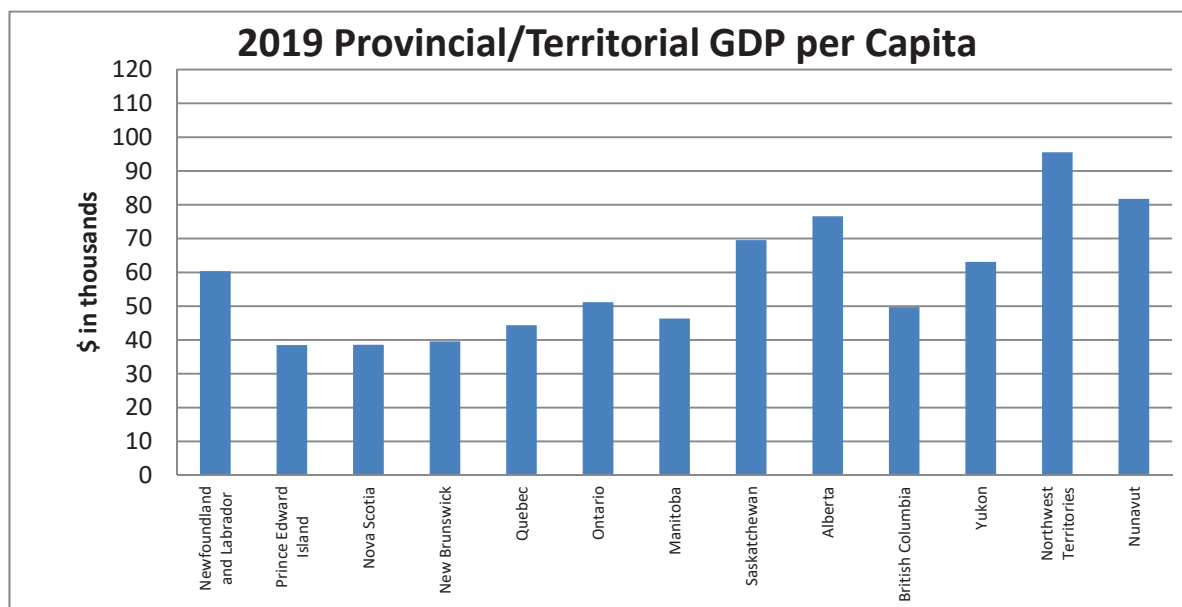
Real Gross Domestic Product at Basic Prices, calendar years 2018 and 2019  
Canada, Provinces and Territories  
Millions of Chained (2012) Dollars

	2019	2018	Percent Change
Canada	1,972,155	1,939,593	1.7
Northwest Territories	4,302	4,716	-8.8
Nunavut	3,156	2,974	6.1
Yukon	2,618	2,593	1.0
British Columbia	253,049	246,260	2.8
Alberta	334,172	336,281	-0.6
Saskatchewan	81,541	82,166	-0.8
Manitoba	63,487	62,863	1.0
Ontario	744,440	730,276	1.9
Quebec	377,043	367,075	2.7
New Brunswick	30,745	30,447	1.0
Nova Scotia	37,441	36,663	2.1
Prince Edward Island	6,052	5,789	4.5
Newfoundland and Labrador	31,588	30,383	4.0

Source: Statistics Canada

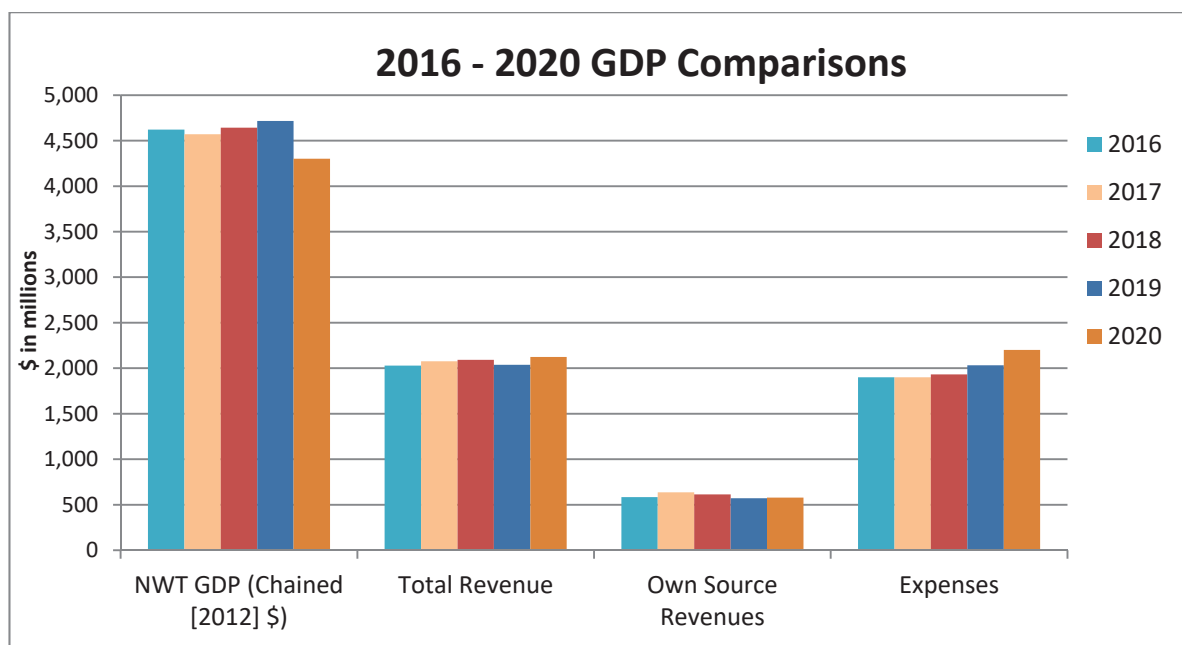
Note: Data will not sum to totals since chained dollars are not additive.

## GROSS DOMESTIC PRODUCT (continued)



Based on July 1, 2019 population estimates of Statistics Canada

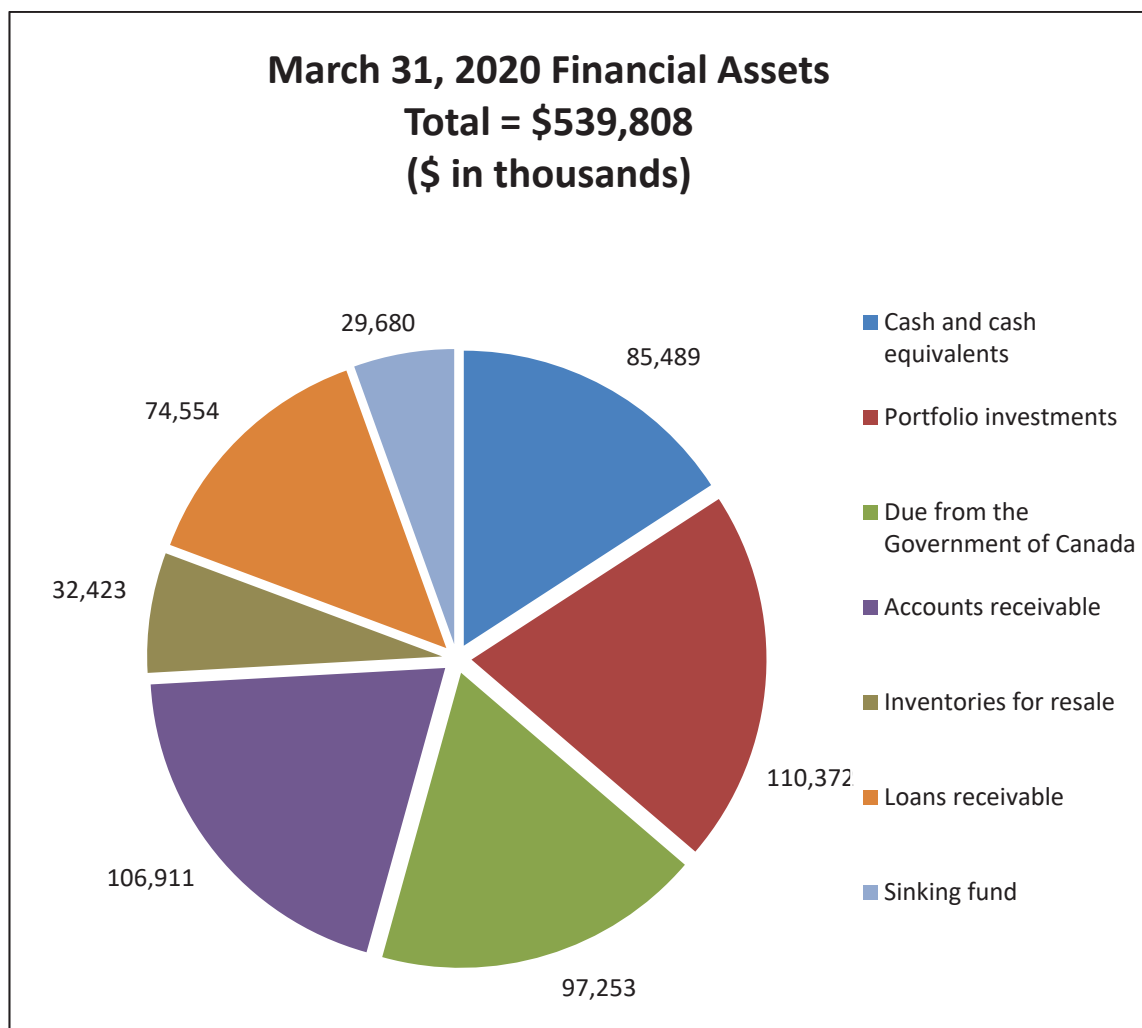
The NWT currently has the highest GDP per capita in Canada. This is an important indicator to note when considering GDP statistics as it shows that while the NWT has a relatively small population our economy is large by comparison.



\* NWT GDP is based on a calendar year, while the balance of the information is based on the fiscal year end (March 31 of the following year).

## FINANCIAL POSITION - FINANCIAL ASSETS

Financial assets represent the amount of resources available to the Government that can be converted to cash to meet obligations or fund operations.



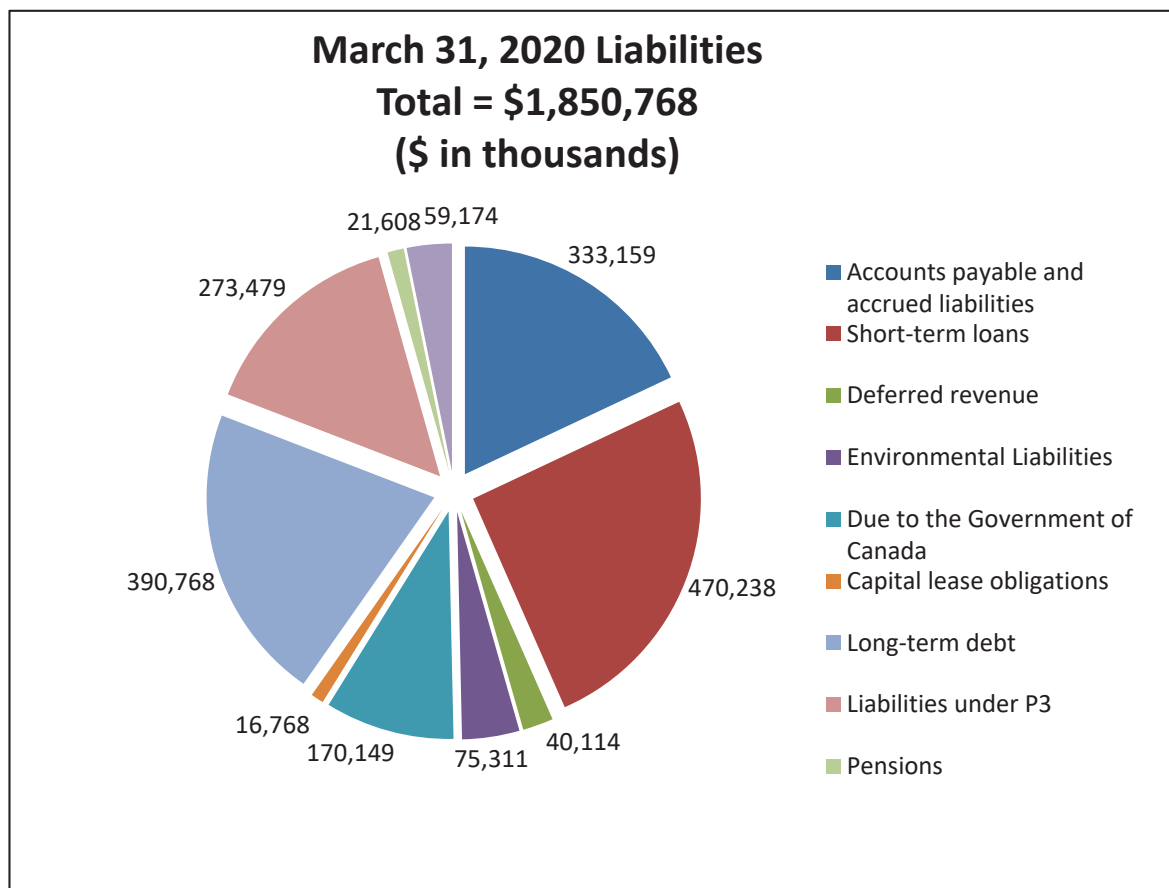
The above graph illustrates the composition of the Government's financial assets.

Approximately 15.8% of the Government's financial assets are cash. The balance of the financial assets is convertible to cash over time, varying from relatively short-term investments and inventory for resale to long term loans receivable. The balance of the financial assets will, over time, contribute to the Government's ability to discharge its liabilities as depicted on the following page.



## FINANCIAL POSITION - FINANCIAL LIABILITIES

Liabilities represent the obligations the Government has to others arising from past transactions or events.



The above graph illustrates the composition of the Government's liabilities.

The Government presently has approximately \$539.8 million in financial assets available to discharge liabilities of approximately \$1.9 billion. The gap between the Government's financial assets and its liabilities indicates that some of its future revenues will be required to meet these obligations.

### *Environmental Liabilities*

Environmental Liabilities are included within Liabilities. The nature of the Government's programs and services exposes the Government to costs associated with remediation of any site contamination that occurred as a result of government operations. These costs make up the Environmental Liabilities amount disclosed in the Public Accounts - Section I (note 10). In addition to its own sites, the liability may include contaminated sites where the Government has accepted responsibility. A summary of the Government's policy with respect to Environmental Liabilities can be found in the Public Accounts - Section I (note 2q).

The process used by the Government to include a contaminated site is based upon Public Sector Accounting Standards, as well as responsible stewardship. When a site is suspected of contamination, the first step is to determine if the contamination is above an environmental standard. If the investigation determines that an environmental standard has been exceeded then the site is included within the Government's inventory of contaminated sites.

Only sites that are non-operating or high priority due to a risk to human health or property are assigned a value. Before the value can be calculated the Government must first determine the appropriate action to be taken: remediation, monitoring or risk management. The Government's best estimates of the action to be taken are based upon further assessments performed by third parties or from similar remediation actions that Government can rely upon. If no basis exists to estimate full remediation costs, the value of the liability is limited to estimates of the known costs to be incurred for next steps.

Where the costs of remediation may be shared with a third party, such as Canada, only the Government's share of the remediation costs has been recorded.

The Government works to address required remediation of contaminated sites in a systematic approach that considers risk, available resources, coordination of efforts and a short summer season.

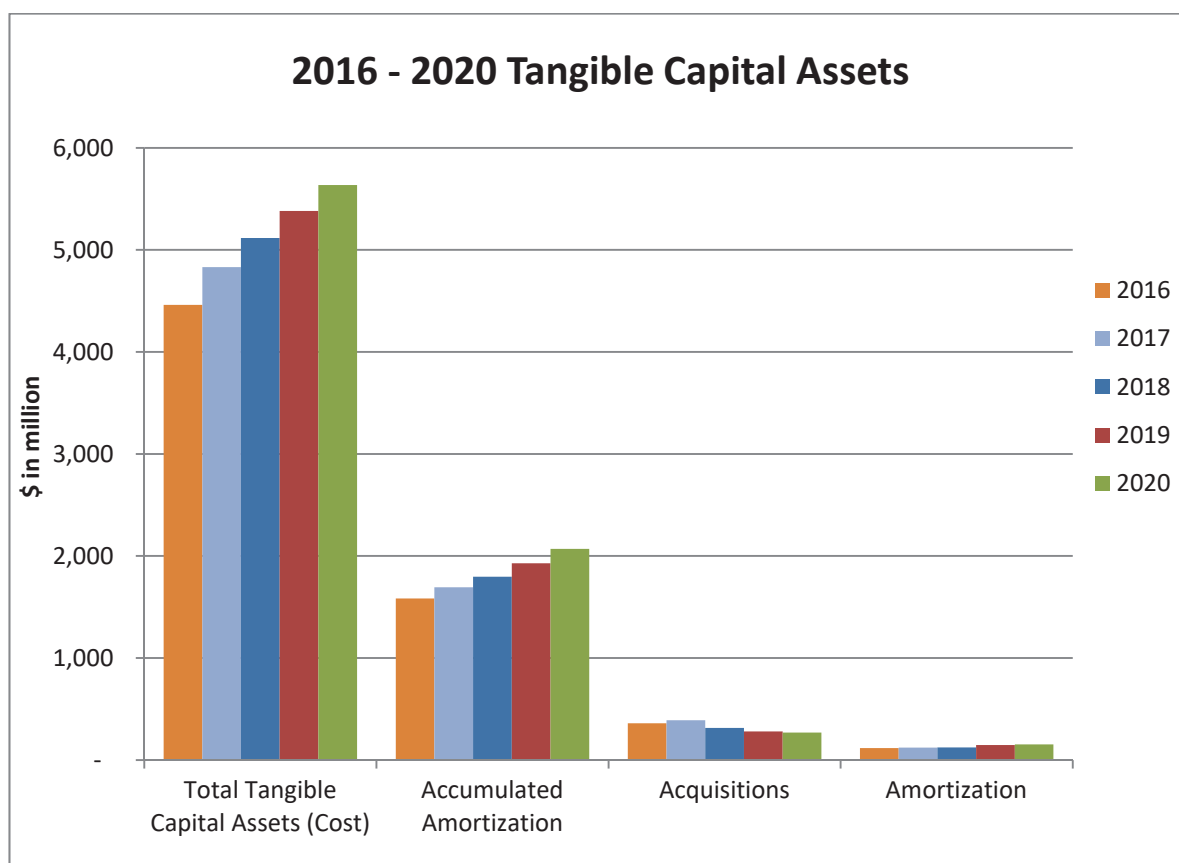
## NON-FINANCIAL ASSETS

Non-financial assets typically represent resources that the Government can use to provide services in the future. Non-financial assets consist primarily of tangible capital assets but also include inventories held for use and prepaid expenses.

### *Tangible Capital Assets*

Tangible capital assets (TCAs) include assets purchased or constructed by the Government and assets that were fully or partially contributed to the Government by Canada or other parties. Examples of TCAs include roads, schools and hospitals.

Under the Government's capitalization policy, assets valued at \$50,000 or more are capitalized and then expensed over time as amortization in the Consolidated Statement of Operations based on their estimated useful life.



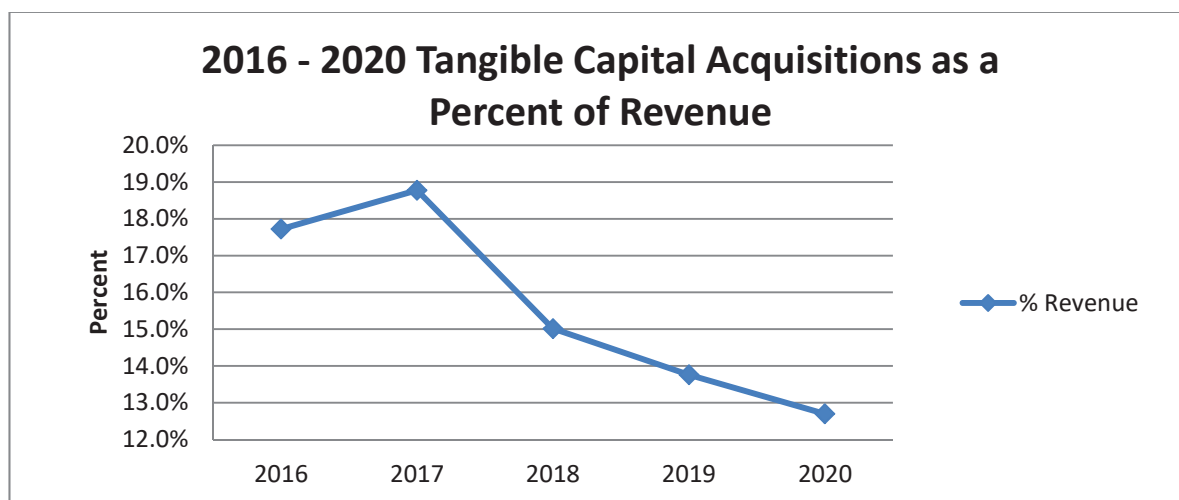
*Tangible capital assets (at cost) do not include adjustments for contributions that may have been received to offset the cost. For further details regarding tangible capital assets refer to Schedule A in the Consolidated Financial Statements included in Section I of the Public Accounts.*

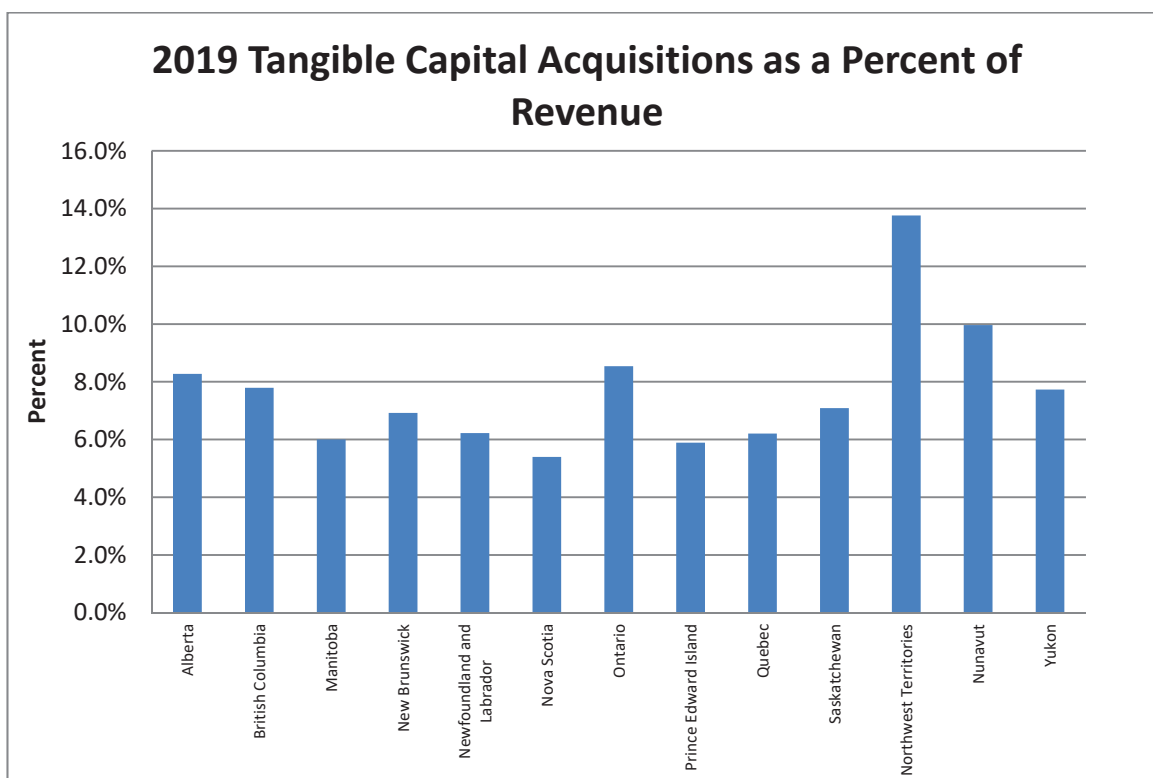
The Government plans its capital expenditures to ensure that existing tangible capital assets are replaced or expanded in a timely manner in conjunction with the Government's direction, priorities and fiscal strategy. The breakdown of capital investment categories is located in the Public Accounts – Section I (Schedule A).

The Government invests in infrastructure in three ways:

- By investing in Government-owned capital;
- By entering into public private partnerships (P3) agreements; and
- By providing transfers to third parties, including municipalities, for capital purposes. Assets funded in this manner are disclosed as contributions, not as Government capital assets.

The Government is currently investing in tangible capital assets at a level that is needed for replacement and growth. This illustrates a continued commitment to invest in NWT infrastructure (including education and health care facilities). In the 2020 fiscal year, the Government placed \$509.1 million worth of new assets into service (2019 - \$200.7 million). The most significant being the new Stanton Territorial Hospital.



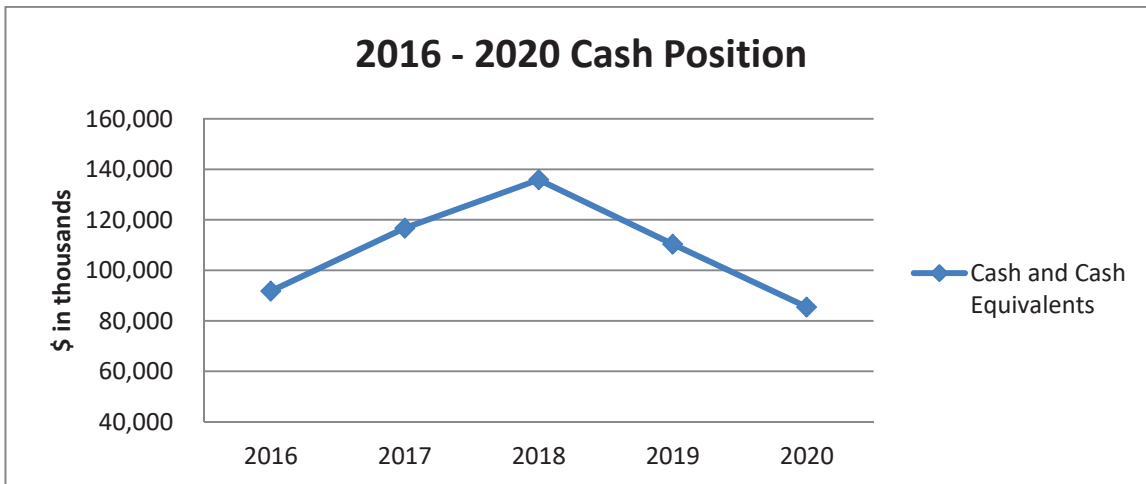


Source: Figures calculated based on 2018-19 Provincial/Territorial Public Accounts

In the past 5 years, the Government’s acquisition of tangible capital assets as a percentage of revenue has ranged from 13.8% to 18.8%. In 2019, at 13.8%, the Government is the highest percentage of revenue invested in infrastructure compared to other Territories and Provinces.

## CASH FLOWS

The statement of cash flow reports on the sources and uses of cash during the year. The Government's overall cash position decreased by \$24.9 million; from \$110.4 million in 2019 to \$85.5 million in 2020.

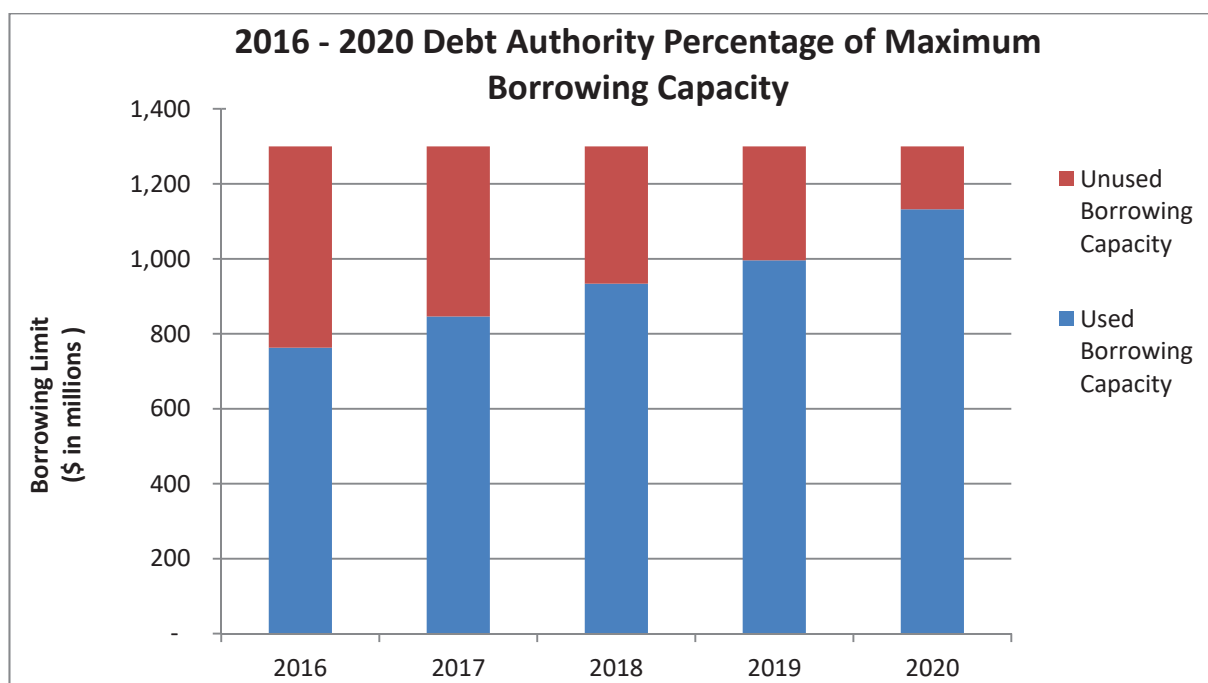


The primary source of cash is operations in public agencies and proceeds from short term loans. Cash is used to meet operational expenses, reduce liabilities and to pay for the Government's investment in infrastructure. More detail is available on the Statement of Cash Flows within the Section I of the Public Accounts.

## LONG-TERM DEBT BORROWING LIMITS

The Government has a Fiscal Responsibility Policy which guides borrowing decisions while ensuring flexibility is provided to plan for its future infrastructure needs. The Government has obtained a credit rating of Aa1 from Moody's Investors Service which has been stable since 2007; to assist in decisions that may be required related to any future debt instruments that the Government may consider. The current Capital Plan includes projects under the Government's P3 policy or projects that will be fully funded by the Government's revenues.

Consolidated debt, for purposes of the territorial borrowing limit, includes borrowings of all Government organizations that are included within the Consolidated Public Accounts. The borrowing limit is currently \$1.3 billion, as established pursuant to subsection 20(2) of the *Northwest Territories Act*. Additional detail is reflected in the Public Accounts – Section I (note 12).



The NWT requires a significant investment in infrastructure. As part of its fiscal management strategy, the Government has a Fiscal Responsibility Policy which requires the Government to plan for, and achieve sufficient operating surpluses to finance annual infrastructure investments, as well as meet debt servicing payments.

The Fiscal Responsibility Policy holds the Government accountable for its level of borrowing with the establishment of performance measures for debt management that ensure the total debt of the Government does not exceed the capacity of the Government to repay the debt as it becomes due.

The Fiscal Responsibility Policy establishes seven debt management performance measures which are to be assessed annually in the Public Accounts. The measures are required to be evaluated on a consolidated basis to ensure consideration is given to debt affordability of the entire Government Reporting Entity. The following section discloses this commitment to reporting on these performance measures.



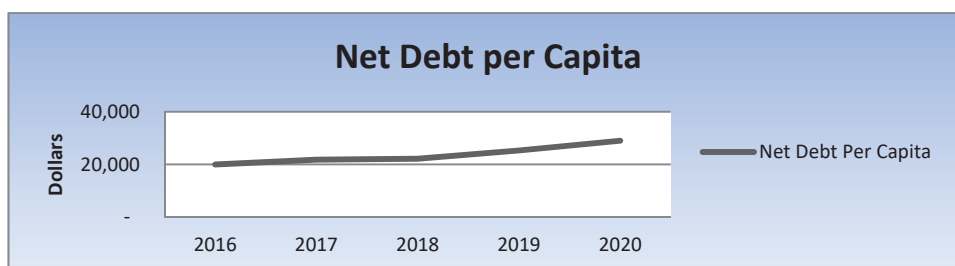
## INDICATORS OF FINANCIAL CONDITION

Financial condition describes a government’s financial health or its ability to meet its existing financial obligations, both with respect to its service commitments to the public and its financial commitments to employees, creditors, and others. The following assessment of the Government’s financial condition considers three elements: sustainability, flexibility and vulnerability.

### *Specific Measures of the Fiscal Responsibility Policy*

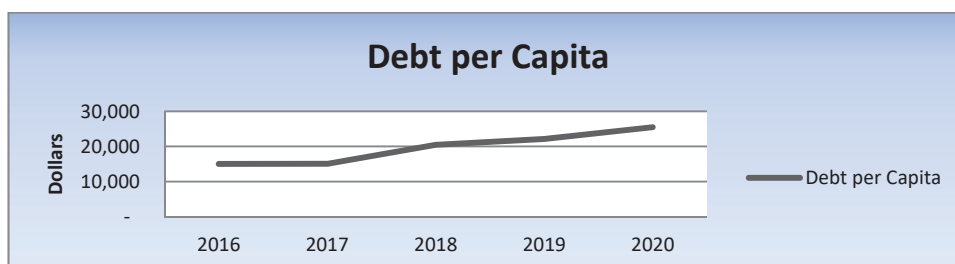
The Government’s Fiscal Responsibility Policy requires that the following measures are to be assessed on a consolidated basis as part of its determination of the affordability of any proposed increases in its consolidated debt level.

- i) Net debt per capita represents the net debt attributable to each Northwest Territories resident. A decrease in this ratio indicates the debt burden per resident has improved, while an increase means the debt burden per resident has risen.



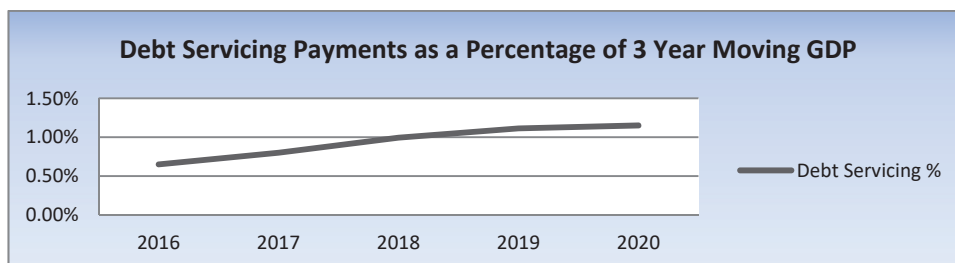
Net debt for the Northwest Territories increased by 14.7%, from \$25,317 per capita in 2019 to \$29,029 per capita in 2020. The increase is mainly due to the increase in short term borrowing and an increase in P3 obligations.

- ii) Debt per capita represents the debt attributable to each Northwest Territories resident. A decrease in this ratio indicates the debt burden per resident has been reduced, while an increase means the debt burden has risen.



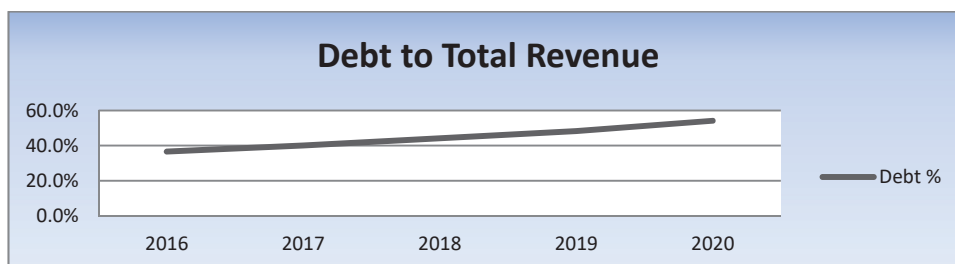
Debt per capita increased by 15.2%; from \$22,135 per capita in 2019 to \$25,492 per capita in 2020. As with net debt per capita, this is mainly due to the increase in short term borrowing and an increase in P3 obligations.

iii) Debt servicing payments (interest and principal) as a percent of a 3 year average Northwest Territories GDP is a measure of debt payments in relation to economic growth, where ideally, economic growth exceeds the growth rate of public debt payments. A decreasing ratio reflects a consistent improvement in financial position, while an increase reflects deterioration in the financial position.



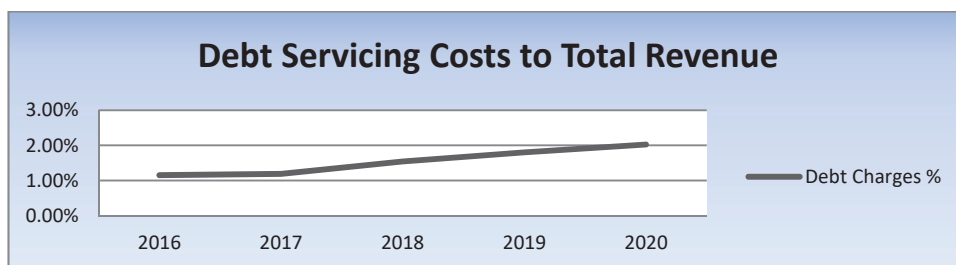
Debt servicing payments as a percentage of GDP for the Northwest Territories increased from 1.11% in 2019 to 1.15%, in 2020 due to the lower GDP and lower debt payments in 2020.

iv) Debt to total revenue is an indicator of the change in debt in proportion to the change in revenue, where decreasing ratios are positive indicators that the rate of increase in revenue is greater than the rate of increase in debt. A lower debt to revenue ratio indicates higher sustainability, as less time is required to eliminate debt.



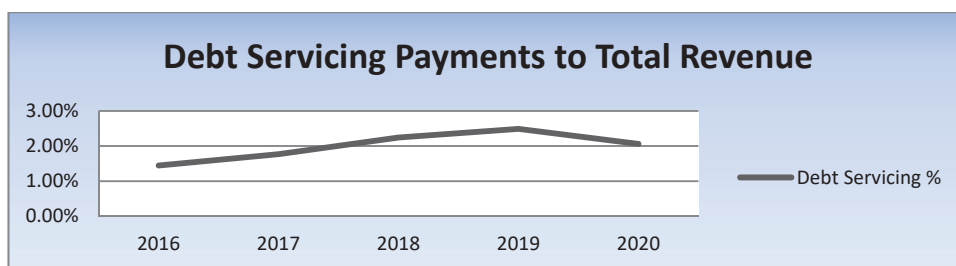
The Government's debt to total revenue has increased from 48.3% in 2019 to 54.2% in 2020 mainly due to the increase of P3 obligations and increase in short term borrowing. An increase in this ratio is slowly occurring as the Government has stagnant revenue while there has been an increase in debt.

v) Debt servicing costs (interest) as a percentage of total revenue is a measure of the extent that Government revenues are being applied to debt charges, rather than to programs and services, or tax reduction. A lower debt charges ratio indicates an increased ability to borrow.



The Government's debt servicing costs to total revenue has increased from 1.8% in 2019 to 2.0% in 2020 due to increased short term borrowing and P3 debt.

- vi) Debt servicing payments (interest and principal) to total revenue ratio is a measure of the extent that Government revenues are being applied to debt repayment, rather than to programs and services, or tax reduction. A lower debt charges ratio indicates an increased ability to borrow.



The Government's debt servicing payments to total revenue has decreased from 2.5% in 2019 to 2.1% in 2020. This is due to a slight increase in revenue with less debt service payments in 2020.

### ***Compliance with Fiscal Responsibility Policy***

In addition to the measures which are required to be monitored under the Fiscal Responsibility Policy there are two additional measures which require assessment to ensure the Government is able to fully meet the policy requirements.

The policy states the Government will restrict infrastructure investments, excluding P3 projects as follows:

- a) A minimum of fifty per cent (50%) from the operating surpluses generated within the *non-consolidated* Public Accounts; and
- b) A maximum of fifty percent from government debt.

The policy also states that the Government must ensure *non-consolidated* debt service payments shall not exceed five per cent (5%) of total non-consolidated annual revenues.

In order to assess if these two policy objectives have been met, it is important to review the information on a *non-consolidated* basis in accordance with the policy. That is, if the Government itself, without including factors from public agencies, generated enough cash during the fiscal year to satisfy these objectives.

**Fiscal Responsibility Policy Compliance**

(All calculations based on Section II of the Public Accounts - Non Consolidated Financial Statements)

	<b>2020</b>	<b>2019</b>
	(\$ in Millions)	
<b>Policy Provision 6(5)(a)- Debt Servicing Payments</b>		
Revenues (Public Accounts - Section II, Schedule A, pg 36)	1,835	1,756
<i>Maximum Debt Servicing Payments- 5% of Revenues</i>	92	88
<b>Debt Servicing Payments</b>		
Short-Term Interest Expense (Public Accounts - Section II, note 7, pg 17)	8	5
Deh Cho Bridge (Public Accounts - Section II, note 12, pg 22)	9	9
P3 Debt Servicing (Public Accounts - Section II, note 13, pg 24)	<u>14</u>	<u>10</u>
Total Debt Servicing Payments	31	24
<b>Actual Debt Servicing Payments as a % of Revenues</b>	<b>1.67%</b>	<b>1.38%</b>
<b>Provision 6(3)- Infrastructure Financing</b>		
Capital Acquisitions (Public Accounts - Section II, Schedule 4, pg 47)	200	233
Less: P3 Items - Out of Scope (Public Accounts - Section II, pg 23)		
Stanton Territorial Hospital P3 (Health and Social Services)	-	(50)
Tlicho All Season Road (Public Accounts - Section II, pg 23)	<u>(43)</u>	<u>(21)</u>
<i>Cash Required for Infrastructure Investment Expenditures</i>	157	162
<b>Operating Cash Required</b>		
<i>Total Operating Cash Requirement for 50% of infrastructure investment</i>	78	81
<b>Cash Generated From Operations</b>		
Operating Surplus (Public Accounts - Section II, Statement of Operations, pg 2)	(71)	(25)
Add Non Cash Item - Amortization (Public Accounts - Section II, Statement of Cash Flow, pg 4)	<u>117</u>	<u>110</u>
<i>Total Operating Cash Available</i>	46	85
<b>Net cash surplus (deficit) for 50% of Infrastructure Investment</b>	<b>(32)</b>	<b>4</b>
<b>Total Borrowing Requirement for Infrastructure</b>		
Cash Required for total Infrastructure Investment Expenditures	157	162
Total Operating Cash Available	<u>46</u>	<u>85</u>
<i>Total Borrowing Requirement for 100% of Infrastructure Investments</i>	111	77

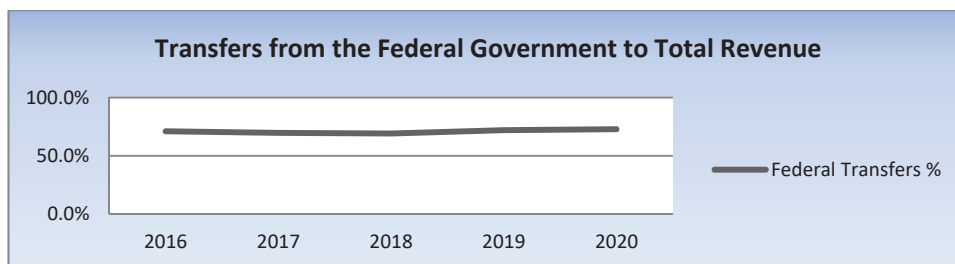
*Conclusion*

For the 2020 year, the Government is compliant with the Affordable Debt section of the Fiscal Responsibility Policy. Non-consolidated debt serving costs were 1.7% of non-consolidated annual revenue, which is less than the 5.0% limit.

The Government is not compliant with the Infrastructure Financing section of the policy, as the Government was not able to generate cash from operating surpluses to meet the minimum 50.0% requirement for infrastructure investments. The Government generated \$46.0 million of cash from operations within the non-consolidated Public Accounts; however, the Government was required to generate \$78.0 million under the policy.

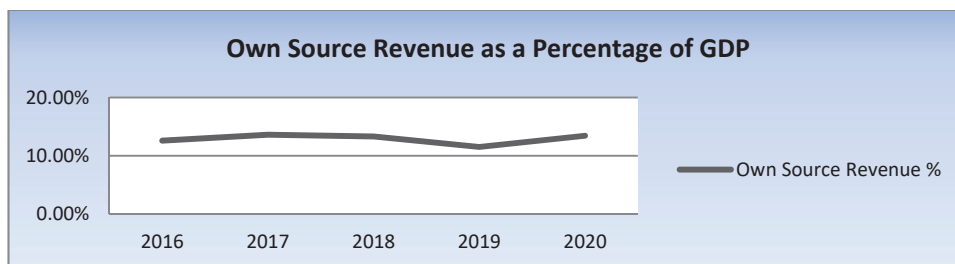
## **OTHER FINANCIAL INDICATORS**

- i) Transfers from the federal government as a percentage of total revenue is an indicator of the degree of vulnerability the Government has as a result of relying on federal government transfers. A decreasing ratio typically reflects that a government is less reliant on transfers to fund its programs, making it less vulnerable.



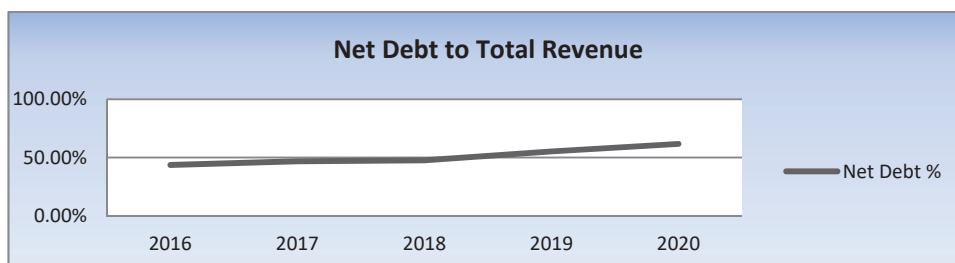
Total revenue from federal government transfers has increased slightly from 72.0% in 2019 to 72.8% in 2020. The total share of own source revenue is decreasing resulting in a continued reliance on the Territorial Formula Financing Grant from Canada.

- ii) Own source revenue to GDP measures the extent to which the Government is taking income out of the economy. An increase in this ratio indicates that the Government's own source revenue is growing faster than the economy, reducing the flexibility to increase revenue without slowing the growth of the economy.



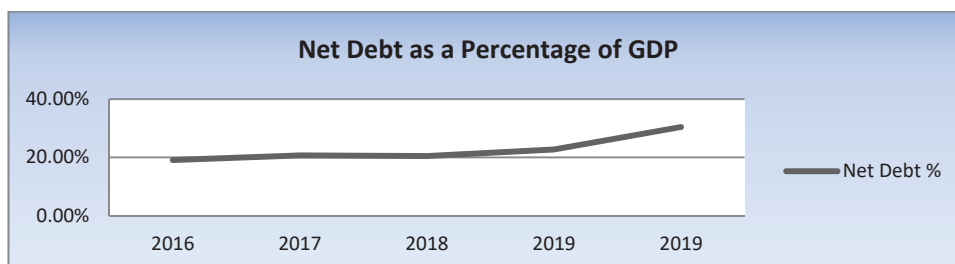
As indicated in the graph above, own source revenue as a percentage of GDP has remained relatively stable, with a small increase in 2020 due to the lower GDP and higher general revenue from 2019.

iii) Net debt to total revenue is an indicator of the change in debt in proportion to the change in revenue, where decreasing ratios are a positive indicator that the rate of increase in revenue is greater than the rate of increase in debt. A lower net debt to revenue ratio indicates higher sustainability, as less time is required to eliminate net debt.



The Government's net debt to total revenue has increased from 55.2% in 2019 to 61.7% in 2020 mainly due to the increase in short term borrowing and P3 obligations. An increase in this ratio is slowly occurring as the Government has stagnant revenue while there have been increases in net debt due to investment in tangible capital assets.

iv) Net debt as a percentage of the Territories GDP is a measure of debt growth in relation to economic growth, where ideally, economic growth exceeds the growth rate of public debt. A decreasing ratio reflects a consistent improvement in financial position.



Net debt for the Northwest Territories increased as a percentage of GDP from 22.7% in 2019 to 30.5% in 2020. The increase in this ratio is a result of increasing net debt on a shrinking economy.



## **RISKS AND UNCERTAINTIES**

The Government is subject to risks and uncertainties that arise from variables which the Government cannot directly control. These risks and uncertainties include:

- Changes in economic factors such as economic growth or decline, commodity and non-renewable resource prices, inflation, interest rates, marketplace competition, population change, personal income and retail sales;
- Exposure to interest rate risk, credit risk, and liquidity risk;
- Changes in transfers from the federal government;
- Utilization of government services;
- Other unforeseen developments including unusual weather patterns and natural and other disasters;
- Criminal or malicious attacks, both cyber and physical in nature, potentially resulting in business interruption, privacy breach and loss of, or damage to, information, facilities and equipment;
- Factors that could hinder the safe delivery of products and services;
- Outcomes from litigation, arbitration and negotiations with third parties;
- Changes in reported results where actual experience may differ from initial estimates as discussed in the Public Accounts – Section I (note 2) and
- Changes in accounting standards.

The Government uses a number of forecasts from banks and private industry when developing the underlying assumptions for fiscal forecasts both in budget development and throughout the fiscal year.

For the Government to meet its challenges of growth and remain competitive, attention is directed towards maintaining and investing in the Territories' infrastructure to allow for continued future growth.

## PUBLIC PRIVATE PARTNERSHIPS

P3 project under construction:

### Tłıchq All-Season Road

The Government entered into an agreement with North Star Infrastructure GP on February 13, 2019 to design, build, operate and maintain the Tłıchq All-Season Road. Construction is anticipated to be completed in November 2022 with North Star Infrastructure GP operating and maintaining the new facility until 2047. Upon completion, there will be average operations and maintenance costs of \$6.0 million per year, totaling \$149.6 million for the duration of the contract, before indexing for the CPI.

All-season roads are critical to adapting the NWT transportation system to the impacts of climate change, helping support more reliable infrastructure. By replacing the southern section of the existing winter road serving the region, the Tłıchq All-season Road will not only provide year-round access to Whatı but will also increase the window of access to the communities of Gamèti and Wekweèti.

This project will maximize the involvement of Northern businesses. Road construction and maintenance will result in employment and training opportunities for Tłıchq and Northern residents.

(\$ in 000's)	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Annual Expenditures						
Government	279	2,271	4,682	3,546	2,198	12,976
P3 Partner	-	-	-	21,367	43,158	64,525
<b>Total Annual Expenditures</b>	<b>279</b>	<b>2,271</b>	<b>4,682</b>	<b>24,913</b>	<b>43,356</b>	<b>77,501</b>
Project cost not yet in service	279	2,550	7,232	32,145	77,501	

*Additional detail on P3's is reflected in the Public Accounts – Section 1 (notes 13 and 17)*

## COMPLETION OF ENTITIES CONSOLIDATED WITHIN THE PUBLIC ACCOUNTS

The following table lists the consolidated entities and completion date of their audited financial statements.

Entity	Due Date	Extension Due Date	Completion Date
Beaufort Delta Divisional Education Council	28-Sep-19		30-Aug-19
Commission scolaire francophone Territoires du Nord-Ouest	28-Sep-19		23-Sep-19
Dehcho Divisional Education Council	28-Sep-19		27-Sep-19
Dettah District Education Authority	28-Sep-19		27-Sep-19
N'dilo Divisional Education Council	28-Sep-19		25-Sep-19
Sahtu Divisional Education Council	28-Sep-19		25-Sep-19
South Slave Divisional Education Council	28-Sep-19		02-Aug-19
Yellowknife Catholic Schools	28-Sep-19		19-Sep-19
Yellowknife No.1 District Education Authority	28-Sep-19		10-Sep-19
Aurora College	28-Sep-19	27-Nov-19	21-Nov-19
Northwest Territories Health and Social Services Authority	29-Jun-20	28-Aug-20	25-Aug-20
Hay River Health and Social Services Authority	29-Jun-20		02-Jul-20
Tlicho Community Services Agency	29-Jun-20	28-Aug-20	27-Aug-20
Arctic Energy Alliance	29-Jun-20		23-Jun-20
Northwest Territories Hydro Corporation	29-Jun-20	28-Aug-20	23-Oct-20
Northwest Territories Business Development and Investment Corporation	29-Jun-20	28-Aug-20	27-Aug-20
Northwest Territories Heritage Fund	29-Jun-20	29-Jul-20	21-Jul-20
Northwest Territories Housing Corporation	29-Jun-20	28-Aug-20	27-Aug-20
Northwest Territories Human Rights Commission	29-Jun-20		26-Jun-20
Inuvialuit Water Board	29-Jun-20		08-Jun-20
Northwest Territories Sport and Recreation Council	29-Jun-20		26-May-20
Status of Women Council of the Northwest Territories	29-Jun-20	28-Aug-20	29-Jun-20
Northwest Territories Surface Rights Board	29-Jun-20		29-Jun-20



# Public Accounts 2019-2020

## Section II: Non-consolidated Financial Statements



Government of  
Northwest Territories

**PUBLIC ACCOUNTS  
OF THE  
GOVERNMENT OF THE NORTHWEST TERRITORIES  
FOR THE YEAR ENDED MARCH 31, 2020**

**SECTION II  
NON-CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)**

**HONOURABLE CAROLINE WAWZONEK**

**Minister of Finance**

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**NON-CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

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**Government of the Northwest Territories****Non-Consolidated Statement of Financial Position (unaudited)**

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as at March 31, 2020

(thousands of dollars)

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	2020 Actual \$	2019 Actual \$
<b>Financial assets</b>		
Portfolio investments (note 3)	35,187	32,287
Accounts receivable (note 4)	283,098	228,675
Due from the Government of Canada (note 10)	89,699	66,190
Inventories held for resale	35,052	31,964
Loans receivable (note 5)	45,456	45,900
Sinking fund (note 6)	29,680	-
	<b>518,172</b>	<b>405,016</b>
<b>Liabilities</b>		
Bank overdraft (note 3)	73,891	55,319
Short-term loans (note 7)	449,279	324,478
Accounts payable and accrued liabilities (note 8)	295,004	265,873
Deferred revenue (note 9)	33,776	20,141
Due to the Government of Canada (note 10)	169,933	131,589
Environmental liabilities (note 11)	49,204	47,986
Capital lease obligations (note 12)	-	337
Long-term debt (note 12)	176,925	176,884
Liabilities under public private partnerships (note 13)	273,479	235,721
Pensions (note 14)	38,320	37,838
Other employee future benefits and compensated absences (note 15)	26,633	30,270
	<b>1,586,444</b>	<b>1,326,436</b>
<b>Net Debt</b>	<b>(1,068,272)</b>	<b>(921,420)</b>
<b>Non-financial assets</b>		
Tangible capital assets (schedule C)	2,778,503	2,699,763
Inventories held for use	1,777	419
Prepaid expenses	6,352	10,367
	<b>2,786,632</b>	<b>2,710,549</b>
<b>Accumulated surplus</b>	<b>1,718,360</b>	<b>1,789,129</b>

Contractual obligations, rights, guarantees and contingencies (notes 18 and 19)

**Approved:**Caroline Wawzonek  
Minister of FinanceJulie Mujcin, CPA, CGA  
Comptroller General

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*The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.*

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## Government of the Northwest Territories

### Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)

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for the year ended March 31, 2020

(thousands of dollars)

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	2020 Main Estimates (note 1b) \$	2020 Actual \$	2019 Actual \$
<b>Revenues</b>			
Revenues by source (schedule A)	1,930,297	1,834,767	1,756,285
Recoveries of prior years expenses (schedule 3)	3,000	14,044	14,185
	<b>1,933,297</b>	<b>1,848,811</b>	<b>1,770,470</b>
<b>Expenses (schedule B)</b>			
Environment and Economic Development	146,667	152,186	144,659
Infrastructure	330,872	302,104	291,968
Education	335,121	342,794	338,325
Health, Social Services and Housing	495,934	545,913	486,717
Justice	127,617	129,414	129,702
General Government	419,424	423,235	383,404
Legislative Assembly and statutory offices	22,443	23,788	19,634
	<b>1,878,078</b>	<b>1,919,434</b>	<b>1,794,409</b>
<b>Annual operating surplus (deficit)</b>	<b>55,219</b>	<b>(70,623)</b>	<b>(23,939)</b>
Petroleum Products Stabilization Fund Net loss for the year (note 16)	(200)	(146)	(1,145)
Projects on behalf of the Government of Canada, Nunavut and Others (schedule 10)			
Expenses	99,256	(110,635)	(111,998)
Recoveries	(99,256)	110,635	111,998
<b>Annual surplus (deficit)</b>	<b>55,019</b>	<b>(70,769)</b>	<b>(25,084)</b>
Accumulated surplus at beginning of year	1,789,129	1,789,129	1,814,213
<b>Accumulated surplus at end of year</b>	<b>1,844,148</b>	<b>1,718,360</b>	<b>1,789,129</b>

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The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

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**Government of the Northwest Territories****Non-Consolidated Statement of Change in Net Debt (unaudited)**

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**for the year ended March 31, 2020**(thousands of dollars)

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	<b>2020 Main Estimates (note 1b) \$</b>	<b>2020 Actual \$</b>	<b>2019 Actual \$</b>
<b>Net debt at beginning of year</b>	<b>(921,420)</b>	<b>(921,420)</b>	<b>(778,563)</b>
Items affecting net financial resources:			
Annual surplus (deficit) for the year	55,019	(70,769)	(25,084)
Change in tangible capital assets, net book value (schedule C)	(125,684)	(78,739)	(118,611)
Change in inventories held for use	-	(1,359)	(140)
Change in prepaid expenses	-	4,015	978
<b>Net debt at end of year</b>	<b>(992,085)</b>	<b>(1,068,272)</b>	<b>(921,420)</b>

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*The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.*

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**Government of the Northwest Territories****Non-Consolidated Statement of Cash Flow (unaudited)**

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**for the year ended March 31, 2020**(thousands of dollars)

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	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual surplus (deficit) for the year*	(70,769)	(25,084)
Items not affecting cash:		
Provision for bad debts and forgivable loans	3,094	3,226
Recoveries of forgivable loans	297	(380)
Amortization of tangible capital assets	117,411	110,498
	50,033	88,260
Changes in non-cash assets and liabilities:		
Change in due to (from) Canada	14,835	151
Change in other financial assets	(57,516)	(12,805)
Change in other financial liabilities	37,287	17,496
Change in prepaid expenses	4,015	978
Change in inventories held for use	(1,358)	(140)
Change in inventories for resale	(3,088)	(192)
	<b>44,208</b>	<b>93,748</b>
<b>Cash provided by operating transactions</b>		
<b>Investing transactions</b>		
Designated cash and investments purchased	(10,998)	(6,787)
Designated cash and investments sold	8,098	6,337
Net loans receivable receipts (disbursements)	146	(65)
Sinking fund installments	(29,680)	-
	<b>(32,434)</b>	<b>(515)</b>
<b>Cash provided by (used for) investing transactions</b>		
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(192,979)	(158,159)
Disposal of tangible capital assets (net)	370	62
	<b>(192,609)</b>	<b>(158,097)</b>
<b>Cash used for capital transactions</b>		
<b>Financing transactions</b>		
Acquisition of short-term financing	124,801	27,402
Repayment of capital lease obligations	(337)	(612)
Repayment of long-term financing	37,799	(3,447)
	<b>162,263</b>	<b>23,343</b>
<b>Cash provided by financing activities</b>		
<b>Decrease in cash</b>	<b>(18,572)</b>	<b>(41,521)</b>
Cash at beginning of year	(55,319)	(13,798)
<b>Cash at end of year</b>	<b>(73,891)</b>	<b>(55,319)</b>

\*Total interest paid during the year \$26,756 (2019 - \$18,224)

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*The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.*

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# Government of the Northwest Territories

## Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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### 1. AUTHORITY, OPERATIONS AND REPORTING ENTITY

#### (a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The Government prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The reporting entity is defined in those statements. These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

These financial statements include the assets, liabilities and operating results of the Government and its revolving funds. Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following related Territorial Crown Corporations, boards and agencies are included in these statements only to the extent of the Government's contributions to, or revenues from them:

- Arctic Energy Alliance
- Aurora College
- Divisional Educational Councils and District Education Authorities
- Health and Social Services Authorities
- Inuvialuit Water Board
- Northwest Territories Business Development and Investment Corporation
- Northwest Territories Heritage Fund
- Northwest Territories Housing Corporation
- Northwest Territories Human Rights Commission
- Northwest Territories Hydro Corporation
- Northwest Territories Sport and Recreation Council
- Northwest Territories Surface Rights Board
- Status of Women Council of the Northwest Territories
- Tlicho Communities Services Agency

#### (b) Main estimates

The main estimates are the appropriations approved by the Legislative Assembly. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

##### (a) 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 estimates relate to environmental liabilities, contingencies, revenue accruals, allowance for doubtful accounts for accounts receivable, valuation allowances for loans receivable, and amortization expense. Other estimates, such as the Canada Health Transfer, Canada Social Transfer payments, Corporate and Personal Income Tax revenues are based on estimates made by the Government of Canada's Department of Finance and are subject to adjustments in future years.

##### (b) Cash

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

##### (c) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Such investments are normally in shares and bonds of the investee. 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 and it is included as a component of investment income. Interest income is recorded on the accrual basis, dividend income is recognized as it is declared, and capital gains and losses are recognized when realized.

##### (d) Inventories

Inventories for resale consist mainly of bulk fuels and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value. Inventories held for use are valued at the lower of cost, determined on a first in, first out basis and net replacement value. Impairments, when recognized, result in write-downs to net realizable value.

##### (e) Loans receivable

Loans receivable and advances 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 by recording write downs or recoveries, as appropriate. Write downs are recognized when the assets have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

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# Government of the Northwest Territories

## Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Sinking fund

The sinking fund is externally restricted cash held specifically for the purpose of repaying outstanding debt at maturity. The sinking fund is recorded at amortized cost.

#### (g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds \$50 and are intended to be used on an ongoing basis for delivering programs and services. Individual assets less than \$50 are expensed when purchased. Tangible capital assets (TCA) are recorded at cost (including qualifying interest expense), or where actual cost is not available, estimated current replacement cost discounted back to the acquisition date. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and directly attributable interest. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or services. Assets, when placed in service are amortized on a straight line basis over their estimated useful life as follows:

<b>Asset category</b>	<b>Amortization period</b>
Land	Not amortized
Infrastructure and Other	40 years or less
Computers	10 years or less
Equipment	40 years or less
Roads and bridges	75 years or less
Buildings and Leasehold improvements	Buildings - 40 years or less; leasehold improvements - lesser of useful life or remaining lease term

The estimate of the useful life of tangible capital assets is reviewed on a regular basis and revised where appropriate on a prospective basis. The remaining unamortized portion of a tangible capital asset may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

Write-downs and write-offs of tangible capital assets are recognized whenever significant events and changes in circumstances and use suggest that the asset can no longer contribute to program or service delivery at the level previously anticipated. A write-down is recognized when a reduction in the value of the asset can be objectively measured. A write-off is recognized when the asset is destroyed, stolen, lost, or obsolete to the Government.

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. All intangibles, works of art, and items inherited by right of Crown, such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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

##### (h) 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 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 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 variety of factors including place of hire, date employment commenced, and the 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

##### (i) Contractual obligations and contingent liabilities

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

The contingent liabilities of the Government 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 or if the occurrence of the confirming future event is not determinable, the contingent liability is disclosed.

##### (j) Contractual rights and contingent assets

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

The contingent assets of the Government are potential assets which may become actual assets when one or more future events occurs or fails to occur. If the future event is considered likely to occur and is quantifiable, an estimated asset is disclosed.



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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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

##### (k) 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 exchange gains and losses are included in net income for the year according to the activities to which they relate.

##### (l) Projects on behalf of third parties

The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. Where the agreement allows, the Government receives accountable advances and any unexpended balances remaining at year-end are recorded as liabilities in accounts payable and accrued liabilities or due to Canada, as applicable. Recoveries are accrued when expenses as allowed under the project contract, exceed advances and are recorded as receivables in accounts receivables or due from Canada.

##### (m) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is calculated based on Territorial Formula Financing as the Gross Expenditure Base, offset by eligible revenues, which are based on a three-year moving average, lagged two years, of representative revenue bases at national average tax rates. Population growth rates and growth in provincial/local government spending are variables used to determine the growth in the Gross Expenditure Base. The Grant is calculated once for each fiscal year and is not revised, with all payments flowing to the Government prior to the end of the fiscal year.

##### (n) Transfer payments

Government transfers are recognized as revenue in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met, stipulations that give rise to a liability have been satisfied and a reasonable estimate of the amount can be made. Transfers received before these criteria are fully met are recorded as deferred revenue. Transfers received for tangible capital assets are recognized when the tangible capital asset is put into service.

##### (o) Taxes, regulatory, resource, and general revenues

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Canada). If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act* (Canada), are collected by the Government of Canada on behalf of the Government under a tax collection agreement. The Government of Canada remits Personal Income taxes monthly throughout the year and Corporate Income tax monthly over a six month period beginning in February. Payments are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments or reassessments for that year are final. Income tax estimates, determined by the Government of Canada, combine actual assessments with an estimate that assumes that previous years' income tax allocations will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences are recognized when the actual tax assessments are finalized.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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

##### (o) Taxes, regulatory, resource, and general revenues (continued)

Regulatory revenues, which are part of general revenues, are recognized on an accrual basis and include revenues for fines, fees, licenses, permits, and registrations. Amounts received prior to the end of the year, which relate to revenues that will be earned in a subsequent year, are recorded as deferred revenues and are recognized as revenue when earned.

Non-renewable resource revenues are recognized on an accrual basis and include mineral, quarry, oil and gas, and water revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the resource revenues collected by the Government (the remaining amount) from the Territorial Formula Financing Grant (*note 2(m)*) payable to the Government two years hence. The Government has also committed to sharing up to 25 percent of the net fiscal benefit with Aboriginal governments that are signatories to the Northwest Territories Lands and Resources Devolution Agreement as per the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*.

Fuel, carbon, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products and Carbon Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel, carbon and tobacco tax revenues are recognized on an accrual basis, based on statements received from collectors. Payroll tax is recognized on an accrual basis, based on payroll tax revenues of the prior year. Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the billing occurs. Adjustments arising from reassessments are recorded in revenue in the year they are finalized. All other revenues are recognized on an accrual basis.

##### (p) Expenses

Grants and contributions are recognized as long as the grant or contribution is authorized and eligibility criteria have been met. Grants and contributions include transfer payments paid through programs to individuals, and to provide major transfer funding for communities under community government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. Assistance is based on age, family status, income, and employment criteria. Other transfer payments are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities. Under the authority of the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*, a transfer to the Aboriginal parties who are signatories to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement will be made of 25 percent of the net fiscal benefit from resource revenues that is received by the Government (*note 2 (o)*). All other expenses are recognized on an accrual basis.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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

##### (q) Environmental liabilities

Environmental liabilities are the result of contaminated sites, as 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. 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, the Government 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 the Government'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 management and remediation of environmentally contaminated sites, including costs such as those for future site assessments, development of remedial action plans, resources to perform remediation activities, land farms and monitoring. All costs associated with the remediation, monitoring and post-closing of the site are estimated and accrued. Where estimates are not readily available from third party analyses, an estimation methodology is used to record a liability when sufficient information is available. The methodology used is based on costs or estimates for sites of similar size and contamination when the Government is obligated, or is likely obligated, to incur such costs. If the likelihood of a future event that would confirm the Government's responsibility to incur these costs is either not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. The environmental liabilities for contaminated sites are reassessed on an annual basis.

##### (r) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversals of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

##### (s) Restricted assets

Restricted assets result from external restrictions imposed by an agreement with an external party, or through legislation of another government, that specify the purpose or purposes for which resources are to be used. Externally restricted inflows are recognized as revenue in a government's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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

##### (t) Public-Private Partnerships

The Government may, as an alternative to traditional forms of procurement governed by the Government's Contract Regulations, enter into public private partnership (P3) agreements with the private sector to procure services and public infrastructure when: the total projected threshold for procuring those services, including capital, operating and service costs over the life of the agreement, exceeds \$50,000; there is appropriate risk sharing between the Government and the private sector partners; the agreement extends beyond the initial capital construction of the project, and; the arrangement results in a clear net benefit to the Government as opposed to being merely neutral in comparison with standard procurement processes. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred.

The Government accounts for P3 projects in accordance with the substance of the underlying agreements. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the asset and the corresponding liability are recognized over time as the construction progresses. During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage of completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the imputed interest rate for the agreement. Capital expenditures may occur throughout the project or at the capital in-service date. Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. All payments are adjusted to reflect performance standards as outlined in the specific agreement and penalties may be deducted for sub-standard performance.

A P3 agreement may encompass certain revenues, including those collected by the partner on behalf of the Government. In such instances the Government will report the gross revenue along with the asset, liability, and expenses as determined from the specific project.

##### (u) Future accounting changes

###### *Financial instruments*

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2022. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement of Gains and Losses. There is no significant impact on the non-consolidated financial statements as a result of its application.

###### *Other New Standards*

Effective April 1, 2022, the Government will concurrently be required to adopt: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. There is no significant impact on the non-consolidated financial statements as a result of its application.

Effective April 1, 2022, the Government will be required to adopt PS 3280 Asset Retirement Obligations. This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Government is currently assessing the impact of this standard on the non-consolidated financial statements.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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

##### (u) Future accounting changes (continued)

Effective April 1, 2022, the Government will be required to adopt PS 3400 Revenue. This standard provides guidance 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. There is no significant impact on the non-consolidated financial statements as a result of its application.

#### 3. CASH, RESTRICTED ASSETS AND DESIGNATED ASSETS

##### (a) Investment pool

The Government has lines of credit provided by two chartered banks, secured by the Consolidated Revenue Fund of the Government. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. Interest is only charged when there is a net overdraft balance of the Government and its investment pool participants. As at March 31, 2020, the investment pool had no net overdraft balance (2019 - nil).

The surplus cash (deficit) of the Government is pooled with the surplus cash of certain Territorial Crown Corporations, and other public agencies. This investment pool is invested in a diversified portfolio of high grade, short and long term income producing assets.

The Government's cash deficit related to the investment pool carried interest at an average rate of 1.89%.

The average portfolio yield range for the year is 0.00% - 2.38% (2019 was 1.80% - 2.30%). In 2020, the Government received interest on short-term investments of \$1,374 (2019 - \$578).

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 3. CASH, RESTRICTED ASSETS AND DESIGNATED ASSETS (continued)

##### (b) Restricted Assets

In July 2017, the Government entered into a Memorandum of Agreement with the Signatory Air Carriers for the collection of the Yellowknife Airport Improvement Fee (YKAIF) from Yellowknife originating passengers and remittance of these fees to the Government. The YKAIF revenues are used to pay for capital development of certain facilities at the Yellowknife Airport. Restricted assets at March 31, 2020 is \$7,420 (2019 - \$5,478) and is included in deferred revenue (note 9).

##### (c) Designated Assets

Designated assets are included in cash and portfolio investments.

Pursuant to the *Student Financial Assistance Act*, the assets of the Student Loan Fund are to be used to provide financial assistance to post-secondary students that meet certain eligibility criteria as prescribed in its regulations.

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for purposes specified in the *Waste Reduction and Recovery Act* including programs with respect to the reduction and recovery of waste.

Pursuant to the *Land Titles Act*, the assets of the Land Titles Assurance Fund are to be used to compensate owners for certain financial losses they incur due to real estate fraud or omissions and errors of the land registration system.

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (*note 14*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*.

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## Government of the Northwest Territories

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(All figures in thousands of dollars)

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#### 3. CASH, RESTRICTED ASSETS AND DESIGNATED ASSETS (continued)

The proportionate asset mix in the investment portfolio is as follows as at March 31:

	2020 %	2019 %
Canadian stocks	24.75	23.28
Cash and other assets	3.00	0.43
Fixed income mutual funds	31.80	40.35
Federal bonds	12.15	13.21
Foreign stocks	28.30	22.73
	<u>100.00</u>	<u>100.00</u>

The Government has the following assets which are designated for specific purposes under legislation and regulations as follows:

	2020 \$	2019 \$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance	(40,799)	(41,129)
	<b>4,201</b>	<b>3,871</b>
Environment Fund:		
Beverage Container Program net assets	<b>5,140</b>	<b>4,244</b>
Land Titles Assurance Fund:		
Land Titles net assets	<b>4,923</b>	<b>4,743</b>

Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance Pension Plan:

Marketable securities (market value \$33,056; 2019 - \$34,604)	34,130	32,149
Cash and other assets (market value approximates cost)	1,057	138
	<b>35,187</b>	<b>32,287</b>
	<b>49,451</b>	<b>45,145</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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#### 4. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2020 \$	Net 2019 \$
General	72,618	(19,237)	53,381	55,134
Government of Nunavut	8,130	-	8,130	8,491
Revolving fund sales	16,004	-	16,004	12,240
Non-renewable resource revenue	27,763	-	27,763	24,140
Workers ' Safety Compensation Commission	33	-	33	-
	<hr/>	<hr/>	<hr/>	<hr/>
	124,548	(19,237)	105,311	100,107
Receivables from related parties:				
Divisional Education Councils and District Education Authorities	6,819	-	6,819	5,046
Health and Social Services Authorities	161,636	-	161,636	112,162
Northwest Territories Business Development and Investment Corporation	252	-	252	237
Northwest Territories Housing Corporation	1,724	-	1,724	2,807
Tlicho Community Services Agency	1,857	-	1,857	4,089
Northwest Territories Hydro Corporation	221	-	221	204
Aurora College	5,160	-	5,160	3,880
Inuvialuit Water Board	118	-	118	143
	<hr/>	<hr/>	<hr/>	<hr/>
	177,787	-	177,787	128,568
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>302,335</b>	<b>(19,237)</b>	<b>283,098</b>	<b>228,675</b>

During the year, \$0 accounts receivable (2019 - \$ nil) were written off and \$0 (2019 - \$606) were forgiven.



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## Government of the Northwest Territories

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March 31, 2020

(All figures in thousands of dollars)

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#### 5. LOANS RECEIVABLE

	2020 \$	2019 \$
Working capital advances to the Northwest Territories Business Development and Investment Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three-year bond rates at the end of each month.	21,228	20,934
Student Loan Fund loans due in installments to 2035, bearing fixed interest between 0.00% and 11.75%, unsecured.	40,799	41,128
Yellowknife Catholic School Board Advance, unsecured, repayable in monthly installments of \$10 (2019 - \$10). Interest is calculated monthly based upon the Government's current borrowing rate.	548	654
Other	14	20
	<b>62,589</b>	<b>62,736</b>
Valuation allowance - Student Loan Fund	(17,133)	(16,836)
	<b>45,456</b>	<b>45,900</b>

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During the year, \$2,005 in student loans (2019 - \$2,205) was remised with proper authority.

Interest earned on loans receivable during the year is \$604 (2019 - \$692).

#### 6. SINKING FUND

The Sinking Fund was established on July 15, 2019 and includes cash held in a separate bank account for the purpose of retiring liabilities under public private partnerships for the Tli Cho All Season Road contract (note 13). As at March 31, 2020, the Sinking Fund balance is \$29,680; the carrying value approximates the market value. The weighted average effective rate of return for the year is 2.35%. Interest earned on the sinking fund during the year is \$381.

As part of the Tli Cho All Season Road contract, the Government will make contributions of \$48,000 in 2021 and \$33,920 in 2022. In 2023, at the time of expected completion, the Government will use the Sinking Fund to make a lump sum payment to retire a portion of the related liability under public private partnerships as described in note 13.

#### 7. SHORT-TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short term loans of \$449,279 (2019 - \$324,478) incurred interest at the weighted average year-end rate of 1.68% (2019 - 1.94%). Interest paid in 2020 is \$7,817 (2019 - \$4,916).

The short-term borrowing limit under the *Appropriation Act* as at March 31, 2020 is \$525,000.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
	\$	\$
Trade	192,175	169,391
Government of Nunavut	2	35
Employee and payroll-related liabilities	74,302	77,339
Other liabilities	11,006	5,922
Non-renewable resource sharing	6,831	7,786
Workers' Safety and Compensation Commission (Northwest Territories and Nunavut)	19	3
	<b>284,335</b>	<b>260,476</b>
Payables to related parties:		
Arctic Energy Alliance	-	52
Aurora College	156	195
Divisional Education Councils and District Education Authorities	1,220	650
Health and Social Services Authorities	6,920	2,951
Northwest Territories Business Development and Investment Corporation	1	18
Status of Women Council of the Northwest Territories	13	18
Northwest Territories Housing Corporation	367	76
Northwest Territories Hydro Corporation	1,832	1,339
Tlicho Community Services Agency	157	95
Northwest Territories Human Rights Commission	3	3
	<b>10,669</b>	<b>5,397</b>
	<b>295,004</b>	<b>265,873</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 9. DEFERRED REVENUE

	2020	2019
	\$	\$
Government of Canada	2,848	573
Ministry of Finance	3,310	3,172
Infrastructure Canada	4,476	-
Transport Canada	3,233	703
Canadian Northern Economic Development Agency	5,627	4,300
Canadian Heritage	-	309
Crown - Indigenous Relations and Northern Affairs Canada	85	417
Public Health Agency of Canada	-	85
Baggage Handling and Runway projects	1,592	-
Large Emitters Carbon Tax	331	-
NPR Limited Partnership	1,565	1,866
Work deposits, commercial use permits and tourism licences	1,796	1,674
Mining Recorders	927	1,027
Restricted Assets (note 3b)	7,420	5,478
Other	566	537
	<b>33,776</b>	<b>20,141</b>

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Deferred revenue in the current year consists mainly of funds received from the Government of Canada for corporate income tax, improvements to highways and bridge rehabilitation.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 10.DUE TO (FROM) THE GOVERNMENT OF CANADA

	2020	2019
	\$	\$
Due from Canada:		
Projects on behalf of the Government of Canada	(34,430)	(22,112)
Miscellaneous receivables	(55,269)	(44,078)
	<b>(89,699)</b>	<b>(66,190)</b>
Due to Canada:		
Advances for projects on behalf of the Government of Canada	25,060	23,013
Excess income tax advanced	129,909	85,142
Miscellaneous payables	14,964	23,434
	<b>169,933</b>	<b>131,589</b>
	<b>80,234</b>	<b>65,399</b>

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The amounts due to the Government of Canada are non-interest bearing. The excess income tax advanced is repayable over the following years:

	\$
2021	31,472
2022	53,436
2023	45,001
	<b>129,909</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 11. ENVIRONMENTAL LIABILITIES

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 253 (2019 - 251) sites as potentially requiring environmental remediation at March 31, 2020.

Type of Site	2019 Liability	Remediation Costs	New Sites in 2020	Change in estimate	2020 Liability	Number of Sites
	\$	\$	\$	\$	\$	
Abandoned mines <sup>(1)</sup>	10,639	(434)	-	-	10,205	8
Landfills <sup>(2)</sup>	8,866	(523)	-	521	8,864	42
Abandoned infrastructure and schools <sup>(3)</sup>	13,290	(1,488)	-	2,669	14,471	73
Airports, airport strips or reserves <sup>(4)</sup>	3,466	(138)	700	440	4,468	26
Sewage lagoons <sup>(5)</sup>	2,045	(165)	-	3	1,883	29
Fuel tanks and resupply lines <sup>(3)</sup>	2,419	-	-	-	2,419	12
Abandoned lots and maintenance facilities <sup>(3)</sup>	7,261	(552)	-	185	6,894	54
<b>Total environmental liabilities</b>	<b>47,986</b>	<b>(3,300)</b>	<b>700</b>	<b>3,818</b>	<b>49,204</b>	<b>244</b>

Possible types of contamination identified under each type of site include the following:

- (1) metals, hydrocarbons, asbestos, wood/metal debris, waste rock, old mine buildings, lead paint;
- (2) hydrocarbons, glycol, metals;
- (3) hydrocarbons, petroleum products;
- (4) hydrocarbons, vehicle lubricants, asbestos, glycol;
- (5) metals, e.coli, total coliforms.

One of the sites, Giant Mine, has been formally designated as contaminated under the *Environmental Protection Act* (NWT). In 2005, the Government recorded a liability for its share of the above ground remediation. The remaining balance of the Government's share of the Giant Mine remediation liability at March 31, 2020 is \$1,882 (2019 - \$2,316). There are 6 other abandoned non-operating mine sites that the Government will be remediating in conjunction with Canada based on cost allocations similar to that of Giant Mine.

9 (2019 - 0) sites were closed during the fiscal year as they were either remediated or no longer met all the criteria required to record a liability for contaminated sites. 2 (2019 - 5) sites were added during the fiscal year.

Included in the 248 (2019 - 251) sites, the Government has identified 68 (2019 - 77) sites where no liability has been recognized. The contamination is not likely to affect public health and safety, cause damage, or otherwise impair the quality of the surrounding environment and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the site will be re-examined. These sites will continue to be monitored as part of the Government's ongoing environmental protection program.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 12. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

	2020	2019
	\$	\$
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2019 - \$7), maturing June 2024, bearing interest at 3.30% (2019 - 3.30%), secured with real property.	365	445
Deh Cho Bridge: Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2019 - 3.17%), payable semi-annually, unsecured.	176,560	176,439
<b>Total long-term debt</b>	<b>176,925</b>	<b>176,884</b>
<b>Capital lease obligations</b>	<b>-</b>	<b>337</b>
<b>Total long-term debt and capital lease obligations</b>	<b>176,925</b>	<b>177,221</b>

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Long-term debt principal repayments due in each fiscal year for the next five years and thereafter are as follows:

	\$
2021	3,953
2022	3,730
2023	4,468
2024	4,747
2025	4,971
Beyond 2025	155,056
	<b>176,925</b>

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Interest expense on long-term debt, included in operations and maintenance expenses, is \$9,420 (2019 - \$10,168).

Interest expenses related to capital lease obligations for the year is \$13 (2019 - \$43), at an implicit average interest rate of 6.4% (2019 - 7.9%). Capital lease obligations are expired as of March 31, 2020.

## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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(All figures in thousands of dollars)

#### 13. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into three contracts for the design, build, operate and maintenance of the Mackenzie Valley Fibre Link; the design, build, and maintenance of the Stanton Territorial Hospital Renewal, and the design, build, and maintenance of the Tlicho All Season Road. Operations and maintenance provided by the partner cease at the repayment date at which time operational responsibility reverts to the Government.

The calculation of the Public Private Partnerships (P3) liabilities is as follows:

	2019 \$	Additions during the year \$	Principal Payments \$	2020 \$	Repayment date
Stanton Territorial Hospital Renewal	136,654	-	(3,000)	133,654	2048
Mackenzie Valley Fibre Link	77,700	-	(2,400)	75,300	2037
Tlicho All Season Road	21,367	43,158	-	64,525	2047
<b>Total</b>	<b>235,721</b>	<b>43,158</b>	<b>(5,400)</b>	<b>273,479</b>	

The details of the contracts under P3s are as follows:

	Partner	Date contract entered into	Scheduled/ actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	5.36%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%
Tlicho All Season Road	North Star Infrastructure GP	February 2019	November 2022	6.53%

Estimated payments for each of the next five years and thereafter to meet P3 principal repayments are as follows:

	\$
2021	5,700
2022	6,000
2023	45,800*
2024	7,160
2025	7,100
2026 and beyond	201,719
	<b>273,479</b>

\*Of the \$45,800, \$39,500 relates to the Tlicho All Season Road liability (60% of the current liability). In 2023, the Government will make a lump sum payment of \$111.2 million from the Sinking Fund (note 6) to retire 60% of the Tlicho All Season Road liability at the expected time of completion.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 13. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS (continued)

The capital payments for the Mackenzie Valley Fibre Link and Stanton Territorial Hospital Renewal are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. The scheduled principal payments for Tlichó All Season Road will include the lump sum payment of \$111.2 million in 2023 at the expected time of completion and then fixed equal monthly payments thereafter. P3 interest expense for the year is \$12,400 (2019 - \$7,700). Interest capitalized in the period as a function of construction or developing tangible capital assets relating to the Stanton Territorial Hospital Renewal is \$0 (2019 - \$2,700); Tlichó All Season Road is \$1,400 (2019 - \$400).

Tangible capital assets, commitments, and contractual rights related to P3 projects are disclosed in note 18 and schedule C.

#### 14. PENSIONS

##### (a) Plans description

The Government administers Regular Pension Plans for Members of the Legislative Assembly (MLAs) and Territorial Court Judges. These Regular Pension Plans are contributory defined benefit registered pension plans and are pre-funded (Regular Funded). The funds related to these plans are administered by independent trust companies.

In addition to the Regular Pension Plans listed above, the Government administers Supplemental Pension Plans for the MLAs and Territorial Court Judges that are non-contributory defined benefit pension plans and are non-funded (Supplemental Unfunded). The Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental Pension Plan (note 3).

The Government is liable for all benefits. All Plans provide death benefits to spouses and eligible dependents. All Plans are indexed. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities, bonds and mortgages.

Benefits provided under all Plans are based on years of service and pensionable earnings. Plan benefits generally accrue as a percentage of a number of years of best average pensionable earnings.

The remaining government employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

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 age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017.

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



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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 14.PENSIONS (continued)

##### (b) Pension liability (asset)

	Regular Funded \$	2020 Supplemental Non Funded \$	Total \$
Accrued benefit obligation	24,089	38,453	62,542
Pension fund assets - market related value	(27,544)	-	(27,544)
Unamortized actuarial gains	2,222	1,100	3,322
<b>Pension liability (asset)</b>	<b>(1,233)</b>	<b>39,553</b>	<b>38,320</b>

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	Regular Funded \$	2019 Supplemental Non Funded \$	Total \$
Accrued benefit obligation	28,502	37,569	66,071
Pension fund assets - market related value	(30,202)	-	(30,202)
Unamortized actuarial gains (losses)	1,120	849	1,969
<b>Pension liability</b>	<b>(581)</b>	<b>38,418</b>	<b>37,838</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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(All figures in thousands of dollars)

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#### 14.PENSIONS (continued)

##### (c) Change in pension liability (asset)

	Regular Funded \$	2020 Supplemental Non Funded \$	Total \$
<b>Opening balance</b>	<b>(581)</b>	<b>38,418</b>	<b>37,838</b>
Change to pension liability (asset) from cash items:			
Contributions from plan members	(318)	-	(318)
Contributions from Government	(635)	-	(635)
Benefit payment to plan members	(5,994)	(1,619)	(7,613)
Drawdown from plan assets	5,994	-	5,994
<b>Net change to pension asset from cash items</b>	<b>(953)</b>	<b>(1,619)</b>	<b>(2,572)</b>
Change to pension liability (asset) from accrual items:			
Current period benefit cost	1,066	1,333	2,399
Amortization of actuarial (gains) losses	(642)	(353)	(995)
Interest on average accrued benefit obligation	1,227	1,773	3,000
Expected return on average plan assets	(1,350)	-	(1,350)
<b>Net change to pension liability from accrual items</b>	<b>301</b>	<b>2,753</b>	<b>3,054</b>
<b>Ending balance</b>	<b>(1,233)</b>	<b>39,552</b>	<b>38,320</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 14.PENSIONS (continued)

##### (c) Change in pension liability (asset) (continued)

	Regular Funded \$	2019 Supplemental Non Funded \$	Total \$
<b>Opening balance</b>	<b>123</b>	<b>36,864</b>	<b>36,987</b>
Change to pension liability (asset) from cash items:			
Contributions from plan members	(306)	-	(306)
Contributions from Government	(649)	-	(649)
Benefit payment to plan members	(1,369)	(1,642)	(3,011)
Drawdown from plan assets	1,369	-	1,369
<b>Net change to pension asset from cash items</b>	<b>(955)</b>	<b>(1,642)</b>	<b>(2,597)</b>
Change to pension liability(asset) from accrual items:			
Current period benefit cost	1,070	1,342	2,412
Amortization of actuarial (gains) losses	(731)	179	(552)
Interest on average accrued benefit obligation	1,271	1,675	2,946
Expected return on plan assets	(1,358)	-	(1,358)
<b>Net change to pension liability from accrual items</b>	<b>252</b>	<b>3,196</b>	<b>3,448</b>
<b>Ending balance</b>	<b>(580)</b>	<b>38,418</b>	<b>37,838</b>

##### (d) Pension expense

The components of pension expense include current period benefit cost, amortization of actuarial net (gains)/losses and interest on average accrued benefit obligation net of the expected return on average plan assets and contributions from plan members. The total pension expense is \$2,736 (2019 - \$3,142). The interest cost on the accrued benefit obligation is determined by applying the discount rate determined at the beginning of the period to the average value of the accrued benefit obligation for the period. The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. The difference between the expected and the actual return on plan assets is a gain of \$998 (2019 - \$1,435).

In addition to the above, the Government contributed \$30,703 (2019 - \$28,886) to the Public Service Superannuation Plan. The employees' contributions to this plan were \$29,051 (2019 - \$27,960).

##### (e) Changes to pension plans in the year

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plan in 2020 (no changes in 2019).

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## Government of the Northwest Territories

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March 31, 2020

(All figures in thousands of dollars)

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#### 14.PENSIONS (continued)

##### (f) Valuation methods and assumptions used in valuing pension liability

The following reflects the date of valuation for each plan for accounting purposes:

Pension Plan	Last Actuarial Valuation Accounting Date	Last Extrapolation Date
Legislative Assembly Retiring Allowance Plan	April 1, 2016	January 31, 2020
Judges Registered Plan	April 1, 2019	March 31, 2020

##### *Liability valuation method*

The actuarial valuations were performed using the projected accrued benefit method. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts.

##### *Asset valuation method*

The asset valuation method, for the MLA's plans is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension plan. The fair market value of the MLA's regular plan is \$19,430 (2019 - \$24,914). The asset valuation method for the Judges' plans is market value. The market value of the Judges' regular plan is \$6,009 (2019 - \$6,476).

##### *Actuarial gains and losses*

Actuarial gains and losses occur when actual experience varies from estimates or when actuarial assumptions change. The adjustments needed are amortized on a straight line basis over the estimated average remaining service lives of the contributors. The estimated average remaining service lives of the contributors is 4.0 years (2019 - 5.0 years) for the MLA's plans and 3.3 years (2019 - 0.7 years) for the Judges' plans.

##### *Actuarial assumptions*

	Judges' plans	MLAs' plans
Expected rate of return on plan assets	4.8%	4.8%
Rate of compensation increase	3.0%	2.0%
Annual inflation rate	2.0%	2.0%
Annual interest rate	4.8%	4.8%

##### *Retirement assumptions*

- Members of Legislative Assembly may retire at the earliest of age 60, thirty years of service or when age plus service equals 80.
- Judges may retire at the earlier of age 60 or when age plus service equals 80.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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#### 15. 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 obligation.

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 15, 2019. The results were extrapolated to March 31, 2020. The effective date of the next actuarial valuation is March 31, 2022. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Government.

	Severance and Removal \$	Compensated Absences \$	2020 \$	2019 \$
<b>Changes in Obligation</b>				
Accrued benefit obligations, beginning of year	21,020	5,423	26,443	24,324
Benefits earned	894	414	1,308	1,402
Interest	614	167	781	879
Benefits paid	(3,916)	(2,795)	(6,711)	(4,359)
Actuarial (gains)/losses	(1,066)	1,739	673	4,196
Accrued benefit obligations, end of year	17,546	4,948	22,494	26,442
Unamortized net actuarial gain/(loss)	1,678	(3,395)	(1,717)	(1,015)
Net future obligation	19,224	1,553	20,777	25,427
Other employee future benefits	5,248	-	5,248	3,964
Other compensated absences	-	608	608	879
Total employee future benefits and compensated absences	<b>24,472</b>	<b>2,161</b>	<b>26,633</b>	<b>30,270</b>

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**Government of the Northwest Territories****Notes to Non-Consolidated Financial Statements (unaudited)**

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**March 31, 2020****(All figures in thousands of dollars)**

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**15. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES (continued)**

	<b>Severance and Removal \$</b>	<b>Compensated Absences \$</b>	<b>2020 \$</b>	<b>2019 \$</b>
<b>Benefits Expense</b>				
Benefits earned	894	414	1,308	1,402
Implicit Interest	614	167	781	879
Amortization of actuarial (gain)/loss	(295)	266	(29)	(534)
	<b>1,213</b>	<b>847</b>	<b>2,060</b>	<b>1,747</b>

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The discount rate used to determine the accrued benefit obligation is an average of 2.7% (2019 - 3.2%). The expected payments during the next five fiscal years are:

	<b>Severance and Removal \$</b>	<b>Compensated Absences \$</b>	<b>Total \$</b>
2021	3,529	809	4,338
2022	2,805	665	3,470
2023	2,206	565	2,771
2024	1,827	492	2,319
2025	1,712	439	2,151
	<b>12,079</b>	<b>2,970</b>	<b>15,049</b>

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**16. PETROLEUM PRODUCTS STABILIZATION FUND**

The Petroleum Products Stabilization Fund is included in the accumulated surplus. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The annual net profit or loss of the Petroleum Products Revolving Fund is charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$1,000.

	<b>2020 \$</b>	<b>2019 \$</b>
Surplus at beginning of the year	(853)	292
Add: Petroleum Products Stabilization Fund		
Net loss for the year	(146)	(1,145)
<b>Deficit at end of the year</b>	<b>(999)</b>	<b>(853)</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 17. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets of \$17,138 (2019 - \$16,788) on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

In addition to the trust assets under administration, the Government holds cash and bank guarantees in the form of letters of credit and surety bonds in the amount of \$678,637 (2019 - \$640,051). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

#### 18. CONTRACTUAL OBLIGATIONS AND RIGHTS

The Government has entered into agreements for, or is contractually committed to the following expenses that will be incurred subsequent to March 31, 2020:

	Expiry Date	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$	Total \$
Operational commitments	2048	114,525	57,378	26,140	16,108	774	6,160	221,085
RCMP policing agreement	2032	47,379	47,379	47,379	47,379	47,379	329,600	566,495
Commercial leases	2052	17,743	15,204	13,648	11,779	7,541	95,060	160,975
Equipment leases	2026	413	286	200	105	49	8	1,061
TCAs in progress at year end	2030	64,410	6,392	896	698	485	1,025	73,906
Operational payments under P3	2049	10,960	11,973	15,394	16,624	17,548	473,787	546,286
TCA Construction under P3	2024	82,580	59,578	202	202	-	-	142,562
		<b>338,010</b>	<b>198,190</b>	<b>103,859</b>	<b>92,895</b>	<b>73,776</b>	<b>905,640</b>	<b>1,712,370</b>

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Included within Commercial leases is a lease commitment of \$3.5 million per year over 30 years estimated to begin on November 21, 2022 that is subject to a CPI adjustment every five years. The adjustment will be equal to the average percentage increase or decrease in the CPI index over the preceding five years. As part of this lease commitment, the Government has a contractual right equal to annual profit sharing of 50% of the net income generated by the lessor less annual payments of \$528.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 18.CONTRACTUAL OBLIGATIONS AND RIGHTS (continued)

The Government has 2 (2019 - 2) cost recovery service agreements with the Government of Nunavut (GNU) for the provision of various corporate and program delivery services. The expenses for and costs recovered from these projects are estimated at \$582 for the fiscal year ended 2020 (2019 - \$583). The Government has an agreement with the GNU for the delivery and chargeback of health services for eligible Nunavut residents. The agreement with the GNU has no firm cost recovery amounts or end dates.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2020:

	<b>Expiry Date</b>	<b>2021 \$</b>	<b>2022 \$</b>	<b>2023 \$</b>	<b>2024 \$</b>	<b>2025 \$</b>	<b>2026+ \$</b>	<b>Total \$</b>
Transfer Payments	2049	167,763	236,183	145,161	105,679	81,811	122,201	858,798
Regulatory Revenue	2025	1,154	809	809	629	151	9	3,561
Lease Revenue	2050	4,455	4,267	3,985	3,931	3,868	31,792	52,298
Licence Revenue	2038	439	371	292	240	131	512	1,985
Other	2043	619	619	619	619	619	9,134	12,229
		<b>174,430</b>	<b>242,249</b>	<b>150,866</b>	<b>111,098</b>	<b>86,580</b>	<b>163,648</b>	<b>928,871</b>

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 19. GUARANTEES AND CONTINGENCIES

##### (a) Guarantees

The Government is contingently liable for the following guarantees:

	2020
	\$
Debentures issued by the Northwest Territories Power Corporation:	
Debenture series issued by the Northwest Territories Power Corporation	
maturing December 18, 2032	8,667
maturing September 13, 2040	42,310
maturing May 1, 2025	3,336
maturing October 1, 2025	3,493
maturing July 11, 2025	15,000
maturing November 25, 2052	25,000
maturing September 1, 2026	4,248
maturing August 1, 2028	25,000
maturing December 15, 2034	25,000
maturing February 17, 2047	56,672
Loans payable by the Northwest Territories Housing Corporation to	
Canada Mortgage and Housing Corporation	8,203
Guaranteed residential housing loans of the Northwest Territories Housing Corporation	380

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<b>Total Guarantees</b>	<b>217,309</b>
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The Government has also provided a guarantee to the Canadian Blood Services and Canadian Blood Services Captive Insurance Company Ltd. to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the ratio of the Northwest Territories' population to the Canadian population.

##### (b) Claims and litigation

There are a number of claims and pending and threatened litigation cases outstanding against the Government. In certain of these cases, pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 55.66% and 44.34%, respectively. The Government has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. At year-end the Government estimated the total claimed amount for any claims and litigation for which the outcome is not determinable at \$106,460 (2019 - \$88,407). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 20. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government provided grants and contributions to the following related parties.

	2020	2019
	\$	\$
Arctic Energy Alliance	5,148	3,253
Aurora College	36,215	34,589
Inuvialuit Water Board	913	913
Divisional Education Councils and District Education Authorities	148,035	144,592
Health and Social Services Authorities	330,228	312,872
Northwest Territories Hydro Corporation	18,492	13,981
Tlicho Community Services Agency	35,232	33,751
Northwest Territories Business Development and Investment Corporation	1,959	1,905
Northwest Territories Heritage Fund	1,856	6,591
Northwest Territories Housing Corporation	73,729	77,974
Northwest Territories Human Rights Commission	180	180
Northwest Territories Surface Rights Board	306	303
Northwest Territories Sport and Recreation Council	-	850
Status of Women Council of the Northwest Territories	453	434
	<b>652,746</b>	<b>632,188</b>

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The Government funds communities, boards and agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of related boards and agencies. An estimate of the potential liability, if any, cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided includes personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services.

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## Government of the Northwest Territories

### Notes to Non-Consolidated Financial Statements (unaudited)

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March 31, 2020

(All figures in thousands of dollars)

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#### 21. OVEREXPENDITURE

During the year 1 department (2019 - 2) exceeded their operations vote by \$23 (2019 - \$5,958) and 0 departments (2019 - 2) exceeded their capital vote (2019 - \$4,597).

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 department to be exceeded".

The voted items that were over expended in the current year is as follows:

Department of Legislative Assembly (operations)	\$23
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These overexpenditures have been deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

#### 22. SUBSEQUENT EVENTS

##### *COVID-19*

On March 22, 2020, the Government declared a public health emergency in response to the COVID-19 global pandemic. The Government implemented various programs and publicly announced supports and financial relief to individuals, businesses and organizations in response to the COVID-19 pandemic. The Government continues to assess and monitor the impact of COVID-19 on its financial condition, including the likelihood of decreased revenues and increased expenses as a direct result of the crisis. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential future impact on the Government's financial position and operations.

##### *Bond issuance*

On September 29, 2020, the Government issued \$180,000 in bonds. The bonds are due September 29, 2051, with semi-annual interest payments at a coupon rate of 2.20% per year. The raised funds will be used to convert short-term debt to long-term debt.

## Government of the Northwest Territories

### Non-Consolidated Schedule of Revenues by Source (unaudited)

### Schedule A

for the year ended March 31, 2020

(thousands of dollars)

	2020 Main Estimates (note 1b) \$	2020 Actual \$	2019 Actual \$
<b>Revenue from the Government of Canada</b>			
Grant	1,309,300	1,309,278	1,256,289
Transfer Payments	233,595	193,766	172,317
	<b>1,542,895</b>	<b>1,503,044</b>	<b>1,428,606</b>
<b>Taxation</b>			
Corporate Income Tax	23,331	(8,781)	(4,752)
Personal Income Tax	104,369	97,791	110,609
Cannabis	747	168	111
Carbon Tax	16,190	12,611	-
Fuel	21,062	17,564	22,863
Tobacco	15,100	14,967	15,822
Payroll	44,355	42,906	43,445
Property and school levies	29,750	29,201	26,550
Insurance	5,100	5,664	5,814
	<b>260,004</b>	<b>212,091</b>	<b>220,462</b>
<b>Non-renewable Resource Revenue</b>			
Minerals, Oil and Gas Royalties	43,822	19,183	18,930
Licences, Rental and Other Fees	2,532	4,494	4,246
Quarry Fees	180	117	82
	<b>46,534</b>	<b>23,794</b>	<b>23,258</b>
<b>General</b>			
Program	16,757	21,625	21,545
Service and miscellaneous	1,741	14,343	5,753
Lease	3,580	4,193	3,898
Interest revenue	760	1,262	781
Revolving Funds net revenue	32,482	26,335	25,410
Regulatory revenue	25,404	23,636	24,360
Investment income	-	4,441	1,907
Grants in Kind	140	3	305
	<b>80,864</b>	<b>95,838</b>	<b>83,959</b>
<b>Total Revenues</b>	<b>1,930,297</b>	<b>1,834,767</b>	<b>1,756,285</b>

**Government of the Northwest Territories  
Non-Consolidated Schedule of Expenses (unaudited)**

for the year ended March 31, 2020

(thousands of dollars)

Schedule B

	Main Estimates (note 1b) \$	Compensation and Benefits \$	Grants and Contributions \$	Valuation Allowances \$	Other \$	Amortization \$	2020 Total Expenses \$	2019 Total Expenses \$
Legislative Assembly	22,443	15,820	180	-	7,052	736	23,788	19,634
Executive and Indigenous Affairs	22,103	16,777	1,744	3	3,578	-	22,102	19,978
Finance	258,202	73,797	122,896	209	53,839	6,904	257,645	227,394
Municipal and Community Affairs	139,119	14,724	123,804	-	4,923	37	143,488	136,032
Infrastructure	308,288	66,217	19,335	38	134,065	59,716	279,371	265,362
Health and Social Services	495,934	24,073	358,651	-	138,763	24,426	545,913	486,717
Justice	127,617	61,744	2,724	9	62,206	2,731	129,414	129,702
Education, Culture and Employment	335,121	34,985	240,693	3,494	49,231	14,391	342,794	338,325
Environment and Natural Resources	86,693	40,225	11,017	19	39,330	3,386	93,977	88,213
Industry Tourism and Investment	59,974	24,537	18,032	64	13,714	1,862	58,209	56,446
Lands	22,584	15,845	1,178	189	5,395	126	22,733	26,606
<b>1,878,078</b>	<b>388,744</b>	<b>900,254</b>	<b>4,025</b>	<b>512,096</b>	<b>114,315</b>	<b>1,919,434</b>		
<b>Prior Year Totals</b>	<b>1,742,781</b>	<b>364,885</b>	<b>853,720</b>	<b>3,103</b>	<b>462,672</b>	<b>110,029</b>		<b>1,794,409</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Tangible Capital Assets (unaudited)**

**Schedule C**

**As at March 31, 2020**

(thousands of dollars)

	Land <sup>5</sup>	Buildings and Leasehold Improvements <sup>1</sup>	Infrastructure and Other <sup>2</sup>	Roads and Bridges	Equipment <sup>1</sup>	Computers	Work in Progress <sup>3,4</sup>	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	5,276	1,309,493	306,107	1,737,971	212,501	134,682	425,647	4,131,677	3,909,512
Transfers	-	363,479	6,917	43,862	21,625	11,443	(447,326)	-	-
Acquisitions	-	-	-	-	-	-	196,521	196,521	229,171
Disposals	-	(844)	(459)	-	(5,163)	(2,622)	-	(9,088)	(7,006)
Cost of tangible capital assets, closing	5,276	1,672,128	312,565	1,781,833	228,963	143,503	174,842	4,319,110	4,131,677
Accumulated amortization, opening	-	(542,679)	(128,832)	(559,754)	(113,418)	(87,231)	-	(1,431,914)	(1,328,360)
Amortization expense	-	(42,510)	(8,945)	(46,219)	(10,249)	(9,488)	-	(117,411)	(110,498)
Disposals	-	844	459	-	5,162	2,253	-	8,718	6,944
Accumulated amortization, closing	-	(584,345)	(137,318)	(605,973)	(118,505)	(94,466)	-	(1,540,607)	(1,431,914)
<b>Net book value</b>	<b>5,276</b>	<b>1,087,783</b>	<b>175,247</b>	<b>1,175,860</b>	<b>110,458</b>	<b>49,037</b>	<b>174,842</b>	<b>2,778,503</b>	<b>2,699,763</b>

<sup>1</sup> Included in buildings, leasehold improvements and equipment are assets under capital leases: cost, \$5,285 (2019 - \$5,285); accumulated amortization, \$3,240 (2019 - \$3,240); net book value, \$2,045 (2019 - \$2,045).

<sup>2</sup> Includes ferries, barges, airstrips, aprons, fuel distribution systems, park improvements, aircraft, water/sewer works, fences, and signs.

<sup>3</sup> Included in work in progress are P3 projects: Stanton Territorial Hospital Renewal \$0 (2019 - \$316,562) and Tli Cho All Season Road \$62,843 (2019 - \$32,145).

<sup>4</sup> Included in work in progress are current year non-cash items of \$32,042 (2019 - \$71,012).

<sup>5</sup> Land with cost and net book value of \$0, market value \$249 (2019 - \$2,184) was contributed to third parties.

Change in net book value of tangible capital assets	2020	2019
	\$	\$
Assets transferred from work in progress	447,326	153,710
Disposals/write-downs/adjustments	(25,373)	(62)
Amortization	(117,411)	(110,498)
Increase (decrease) in work in progress	(250,806)	75,461
<b>Increase</b>	<b>53,736</b>	<b>118,611</b>

# Government of the Northwest Territories

## Non-Consolidated Schedule of Revenues by Department (unaudited)

## Schedule 1

for the year ended March 31, 2020

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
<b>Legislative Assembly</b>					
Transfer Payments					
Information and Privacy Commissioner	154	-	154	176	22
<b>General Revenues</b>					
Service and miscellaneous	15	-	15	5	(10)
Regulatory revenue	-	-	-	11	11
Investment income	-	-	-	4,441	4,441
	15	-	15	4,457	4,442
	<b>169</b>	<b>-</b>	<b>169</b>	<b>4,633</b>	<b>4,464</b>
<b>Executive and Indigenous Affairs</b>					
Transfer Payments					
Federal cost shared	-	-	-	316	316
<b>Industry, Tourism and Investment</b>					
Transfer Payments					
Federal cost shared	8,346	(1,100)	7,246	1,630	(5,616)
<b>Non-renewable Resource Revenue</b>					
Minerals, oil and gas royalties	43,822	(1,567)	42,255	19,183	(23,072)
Licences, rental, and other fees	2,452	1,387	3,839	4,478	639
	46,274	(180)	46,094	23,661	(22,433)
<b>General Revenues</b>					
Grant in kind	-	-	-	3	3
Regulatory revenue	897	-	897	948	51
Programs	-	-	-	139	139
Service and miscellaneous	1	(1)	-	-	-
	898	(1)	897	1,090	193
	<b>55,518</b>	<b>(1,281)</b>	<b>54,237</b>	<b>26,381</b>	<b>(27,856)</b>
<b>Environment and Natural Resources</b>					
Transfer Payments					
Federal cost shared	3,650	3,850	7,500	7,501	1
<b>Non-renewable Resource Revenue</b>					
Licences, rental, and other fees	80	-	80	16	(64)
<b>General Revenues</b>					
Regulatory revenue	1,743	122	1,865	2,156	291
Service and miscellaneous	32	-	32	10,855	10,823
	1,775	122	1,897	13,011	11,114
	<b>5,505</b>	<b>3,972</b>	<b>9,477</b>	<b>20,528</b>	<b>11,051</b>

# Government of the Northwest Territories

## Non-Consolidated Schedule of Revenues by Department (unaudited)

## Schedule 1 (continued)

for the year ended March 31, 2020

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
<b>Finance</b>					
Grant from Government of Canada	1,309,300	(22)	1,309,278	1,309,278	-
Transfer Payments					
Federal cost shared	-	-	-	40	40
Canada Health Transfer	48,200	399	48,599	49,197	598
Canada Social Transfer	17,400	160	17,560	17,560	-
	1,374,900	537	1,375,437	1,376,075	638
<b>Taxation</b>					
Corporate	23,331	(35,351)	(12,020)	(8,781)	3,239
Personal	104,369	(8,421)	95,948	97,791	1,843
Fuel	21,062	484	21,546	17,564	(3,982)
Tobacco	15,100	194	15,294	14,967	(327)
Cannabis	747	(430)	317	168	(149)
Carbon	16,190	(3,971)	12,219	12,611	392
Payroll	44,355	(302)	44,053	42,906	(1,147)
Property and school levies	29,750	(445)	29,305	29,201	(104)
Insurance	5,100	-	5,100	5,664	564
	260,004	(48,242)	211,762	212,091	329
<b>General Revenues</b>					
Service and miscellaneous	1,200	80	1,280	2,647	1,367
Program	60	-	60	649	589
Revolving funds net revenue	26,909	(3,055)	23,854	25,042	1,188
Interest income	480	(80)	400	956	556
Regulatory revenue	500	-	500	737	237
	29,149	(3,055)	26,094	30,031	3,937
	<b>1,664,053</b>	<b>(50,760)</b>	<b>1,613,293</b>	<b>1,618,197</b>	<b>4,904</b>
<b>Municipal and Community Affairs</b>					
General Revenues					
Regulatory revenue	1,275	(675)	600	(178)	(778)
Service and miscellaneous	-	-	-	3	3
	<b>1,275</b>	<b>(675)</b>	<b>600</b>	<b>(175)</b>	<b>(775)</b>
<b>Justice</b>					
Transfer payments					
Federal cost shared	6,964	430	7,394	6,598	(796)
<b>General Revenues</b>					
Lease	-	-	-	4	4
Service and miscellaneous	-	-	-	24	24
Program	2,200	808	3,008	2,591	(417)
Regulatory revenue	7,054	-	7,054	6,813	(241)
	9,254	808	10,062	9,432	(630)
	<b>16,218</b>	<b>1,238</b>	<b>17,456</b>	<b>16,030</b>	<b>(1,426)</b>



**Government of the Northwest Territories**

**Non-Consolidated Schedule of Revenues by Department (unaudited)**

**Schedule 1 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
<b>Infrastructure</b>					
Transfer Payments					
Federal cost shared	6,017	11,481	17,498	11,020	(6,478)
Capital transfer	86,037	(62,630)	23,407	31,397	7,990
	92,054	(51,149)	40,905	42,417	1,512
General Revenues					
Service and miscellaneous	481	-	481	679	198
Lease	784	-	784	1,547	763
Program	582	-	582	720	138
Regulatory revenue	13,523	-	13,523	12,645	(878)
Revolving fund net revenue	5,573	-	5,573	1,293	(4,280)
Grants in kind	140	-	140	-	(140)
	21,083	-	21,083	16,884	(4,199)
	<b>113,137</b>	<b>(51,149)</b>	<b>61,988</b>	<b>59,301</b>	<b>(2,687)</b>
<b>Health and Social Services</b>					
Transfer Payments					
Federal cost shared	34,665	10,789	45,454	43,846	(1,608)
Capital transfers	-	-	-	486	486
	34,665	10,789	45,454	44,332	(1,122)
General Revenues					
Program	13,915	4,060	17,975	17,526	(449)
Interest	-	-	-	16	16
Regulatory revenue	365	-	365	424	59
Service and miscellaneous	-	-	-	2	2
	14,280	4,060	18,340	17,968	(372)
	<b>48,945</b>	<b>14,849</b>	<b>63,794</b>	<b>62,300</b>	<b>(1,494)</b>
<b>Education, Culture and Employment</b>					
Transfer Payments					
Federal cost shared	21,859	224	22,083	23,493	1,410
Capital transfers	-	200	200	200	-
	21,859	424	22,283	23,693	1,410
General Revenues					
Service and miscellaneous	12	-	12	-	(12)
Lease	46	-	46	21	(25)
Interest income	280	-	280	290	10
Regulatory revenue	27	-	27	38	11
	365	-	365	349	(16)
	<b>22,224</b>	<b>424</b>	<b>22,648</b>	<b>24,042</b>	<b>1,394</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Revenues by Department (unaudited)**

**Schedule 1 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
<b>Lands</b>					
Transfer Payments					
Federal cost shared	303	3	306	306	-
Non-renewable Resource Revenue					
Quarry royalties, fees	180	-	180	117	(63)
General Revenues					
Regulatory revenue	20	-	20	42	22
Lease	2,750	-	2,750	2,621	(129)
Service and miscellaneous	-	-	-	128	128
	2,770	-	2,770	2,791	21
	<b>3,253</b>	<b>3</b>	<b>3,256</b>	<b>3,214</b>	<b>(42)</b>
	<b>1,930,297</b>	<b>(83,379)</b>	<b>1,846,918</b>	<b>1,834,767</b>	<b>(12,151)</b>

# Government of the Northwest Territories

## Non-Consolidated Schedule of Expenses by Department (unaudited)

## Schedule 2

for the year ended March 31, 2020

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Legislative Assembly</b>						
Office of the Clerk	8,300	828	-	9,128	9,429	(301)
Expenditures on Behalf of Members	9,404	-	-	9,404	9,367	37
Office of the Chief Electoral Officer	1,655	9	-	1,664	1,486	178
Statutory Offices	2,553	482	-	3,035	3,017	18
Office of the Speaker	531	3	-	534	489	45
	<b>22,443</b>	<b>1,322</b>	<b>-</b>	<b>23,765</b>	<b>23,788</b>	<b>(23)</b>
<b>Executive and Indigenous Affairs</b>						
Executive Council Offices	4,281	101	-	4,382	4,534	(152)
Directorate	5,725	856	-	6,581	7,320	(739)
Cabinet Support	2,523	59	-	2,582	2,066	516
Indigenous and Intergovernmental Affairs	8,175	163	-	8,338	6,819	1,519
Corporate Communications	1,399	40	-	1,439	1,363	76
	<b>22,103</b>	<b>1,219</b>	<b>-</b>	<b>23,322</b>	<b>22,102</b>	<b>1,220</b>
<b>Industry, Tourism and Investment</b>						
Economic Diversification and Business Support	17,251	435	-	17,686	17,219	467
Corporate Management	8,840	207	-	9,047	8,970	77
Tourism and Parks	17,314	149	24	17,487	15,935	1,552
Minerals and Petroleum Resources	16,569	598	-	17,167	16,085	1,082
	<b>59,974</b>	<b>1,389</b>	<b>24 *</b>	<b>61,387</b>	<b>58,209</b>	<b>3,178</b>
<b>Environment and Natural Resources</b>						
Wildlife	14,560	2,467	(450)	16,577	17,121	(544)
Forest Management	34,832	2,331	250	37,413	37,459	(46)
Corporate Management	13,986	204	200	14,390	14,454	(64)
Water Management and Monitoring	9,349	182	(100)	9,431	8,192	1,239
Environmental Stewardship and Climate Change	9,897	2,675	-	12,572	12,484	88
Environmental Protection and Waste Management	4,069	124	38	4,231	4,267	(36)
	<b>86,693</b>	<b>7,983</b>	<b>(62)**</b>	<b>94,614</b>	<b>93,977</b>	<b>637</b>

\* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

\*\* The infrastructure budget associated with projects costs that are not classified as operations and maintenance have been transferred to the capital investments budget. See schedule 8 for details.

# Government of the Northwest Territories

## Non-Consolidated Schedule of Expenses by Department (unaudited)

## Schedule 2 (continued)

For the year ended March 31, 2020

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Finance</b>						
Directorate	76,134	3,398	-	79,532	81,017	(1,485)
Management Board Secretariat	76,734	147	-	76,881	60,206	16,675
Office of the Comptroller General	64,933	1,109	-	66,042	77,142	(11,100)
Information Systems Shared Services	19,362	269	63	19,694	19,559	135
Human Resources	21,039	440	-	21,479	19,646	1,833
	<b>258,202</b>	<b>5,363</b>	<b>63</b>	<b>263,628</b>	<b>257,570</b>	<b>6,058</b>
Amortization of tangible capital assets of the NWT Liquor Commission	-	-	-	-	75	(75)
	<b>258,202</b>	<b>5,363</b>	<b>63 *</b>	<b>263,628</b>	<b>257,645</b>	<b>5,983</b>
<b>Municipal and Community Affairs</b>						
Regional Operations	119,899	4,878	-	124,777	124,383	394
Community Operations	2,166	69	(150)	2,085	2,009	76
Directorate	3,805	82	-	3,887	3,932	(45)
School of Community Government	2,860	44	-	2,904	2,362	542
Community Governance	2,016	59	150	2,225	1,777	448
Sport, Recreation and Youth	5,442	703	-	6,145	5,334	811
Public Safety	2,931	77	-	3,008	3,691	(683)
	<b>139,119</b>	<b>5,912</b>	<b>-</b>	<b>145,031</b>	<b>143,488</b>	<b>1,543</b>
<b>Justice</b>						
Corrections	37,421	1,183	-	38,604	38,482	122
Policing Services	46,257	-	-	46,257	46,546	(289)
Court Services	13,790	403	-	14,193	13,549	644
Services to Government	11,908	312	4	12,224	12,105	119
Legal Aid Services	6,571	323	-	6,894	7,304	(410)
Services to Public	4,249	136	-	4,385	4,622	(237)
Community Justice and Policing	5,547	393	(4)	5,936	5,583	353
Office of Oil and Gas Regulations	1,874	32	-	1,906	1,223	683
	<b>127,617</b>	<b>2,782</b>	<b>-</b>	<b>130,399</b>	<b>129,414</b>	<b>985</b>
<b>Health and Social Services</b>						
Administration and Support	106,958	4,539	12,227	123,724	121,162	2,562
Ambulatory Care Services	77,575	18,807	468	96,850	96,493	357
Community Health Programs	180,818	13,647	548	195,013	194,558	455
Community Social Programs	34,325	915	314	35,554	34,435	1,119
Diagnostic and Therapeutic Services	28,280	1,260	(964)	28,576	28,334	242
Nursing Inpatient Services	35,900	1,078	224	37,202	36,869	333
Supplementary Health Programs	32,078	2,275	(281)	34,072	34,062	10
	<b>495,934</b>	<b>42,521</b>	<b>12,536 *</b>	<b>550,991</b>	<b>545,913</b>	<b>5,078</b>

\* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

# Government of the Northwest Territories

## Non-Consolidated Schedule of Expenses by Department (unaudited)

## Schedule 2 (continued)

for the year ended March 31, 2020

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Education, Culture and Employment</b>						
Corporate Management	9,787	160	-	9,947	10,648	(701)
Culture, Heritage and Languages	17,883	287	264	18,434	17,776	658
Early Childhood and School Services	202,473	3,513	13	205,999	201,832	4,167
Income Security	51,843	5,043	(18)	56,868	57,947	(1,079)
Labour Development and Advanced Education	53,135	2,271	42	55,448	54,591	857
	<b>335,121</b>	<b>11,274</b>	<b>301 *</b>	<b>346,696</b>	<b>342,794</b>	<b>3,902</b>
<b>Infrastructure</b>						
Corporate Management	10,715	393	221	11,329	13,593	(2,264)
Asset Management	77,890	1,533	2,773	82,196	133,963	(51,767)
Programs and Services	74,160	7,626	(511)	81,275	49,263	32,012
Regional Operations	145,523	4,357	(2,560)	147,320	82,552	64,768
	<b>308,288</b>	<b>13,909</b>	<b>(77)**</b>	<b>322,120</b>	<b>279,371</b>	<b>42,749</b>
<b>Lands</b>						
Corporate Management	3,446	148	-	3,594	4,170	(576)
Operations	11,654	352	-	12,006	10,419	1,587
Planning and Coordination	7,484	180	-	7,664	8,144	(480)
	<b>22,584</b>	<b>680</b>	<b>-</b>	<b>23,264</b>	<b>22,733</b>	<b>531</b>
	<b>1,878,078</b>	<b>94,354</b>	<b>12,785 *</b>	<b>1,985,217</b>	<b>1,919,434</b>	<b>65,783</b>

\* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

\*\* The infrastructure budget associated with projects costs that are not classified as operations and maintenance have been transferred to the capital investments budget. See schedule 8 for details.

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**Government of the Northwest Territories****Non-Consolidated Schedule of Recoveries of Prior Years Expenses (unaudited)****Schedule 3****for the year ended March 31, 2020****(thousands of dollars)**

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<b>DEPARTMENT</b>	<b>Over-Accruals \$</b>	<b>Other Recoveries \$</b>	<b>Total \$</b>
Legislative Assembly	1	153	154
Executive and Indigenous Affairs	-	23	23
Finance	-	681	681
Municipal and Community Affairs	65	315	380
Infrastructure	5,423	709	6,132
Health and Social Services	886	548	1,434
Justice	138	702	840
Education, Culture and Employment	117	1,664	1,781
Environment and Natural Resources	469	924	1,393
Industry, Tourism and Investment	274	361	635
Lands	79	512	591
	<b>7,452</b>	<b>6,592</b>	<b>14,044</b>

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**Government of the Northwest Territories****Non-Consolidated Schedule of Summary of Capital Acquisitions (unaudited)****Schedule 4****for the year ended March 31, 2020****(thousands of dollars)**

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<b>DEPARTMENT</b>	<b>Main Estimates \$</b>	<b>Supplementary Estimates \$</b>	<b>Total Appropriation \$</b>	<b>Actual Expenditure \$</b>
Legislative Assembly	-	127	127	97
Lands	932	(698)	234	119
Finance	1,969	13,013	14,982	7,703
Infrastructure	147,901	28,046	175,947	143,194
Health and Social Services	50,611	12,360	62,971	22,614
Justice	4,341	11,649	15,990	10,825
Education, Culture and Employment	16,568	3,980	20,548	8,204
Environment and Natural Resources	2,083	3,368	5,451	2,670
Industry, Tourism and Investment	11,506	6,019	17,525	4,247
	<b>235,911</b>	<b>77,864</b>	<b>313,775 *</b>	<b>199,673</b>

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Projects completed by Infrastructure on behalf of other Departments are reported as expenditures under the owner Department when completed to better reflect investments in Departmental Programs.

\*\$12,785 of the budget associated with infrastructure investments that were classified as non-capital in nature has been transferred to operations, as disclosed in Schedules 2 and 8.

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Grants (unaudited)**

**Schedule 5**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
<b>Executive and Indigenous Affairs</b>						
Aboriginal Intergovernmental Meetings						
Fund	300	-	-	300	300	-
Arctic Inspiration Prize	100	-	-	100	100	-
Core Funding to Métis Locals	225	-	-	225	164	61
NWT Friendship Centres	250	-	-	250	250	-
Public Policy Forum	-	-	-	-	10	(10)
Special Events - Aboriginal Organizations	50	-	-	50	27	23
Women's Initiatives	50	-	-	50	52	(2)
	<b>975</b>	<b>-</b>	<b>-</b>	<b>975</b>	<b>903</b>	<b>72</b>
<b>Infrastructure</b>						
Band Council Subsidized Leases	140	-	-	140	-	140
Deh Cho Bridge Opportunities	200	-	-	200	200	-
	<b>340</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>200</b>	<b>140</b>
<b>Finance</b>						
Carbon Tax Offset	11,900	-	-	11,900	11,733	167
Cost of Living Tax Credit	22,150	-	-	22,150	22,534	(384)
NWT Child Benefit	2,200	-	-	2,200	2,282	(82)
Net Fiscal Benefit Transfer to Aboriginal Parties	10,100	-	-	10,100	3,358	6,742
	<b>46,350</b>	<b>-</b>	<b>-</b>	<b>46,350</b>	<b>39,907</b>	<b>6,443</b>
<b>Municipal and Community Affairs</b>						
Community Government Funding	49,853	-	-	49,853	49,853	-
Deline Self Government	3,322	199	-	3,521	3,521	-
Designated Authority Additional Funding	624	-	-	624	624	-
Grant-in-Lieu of Taxes	7,727	4,492	-	12,219	12,271	(52)
High Performance Athlete Program	100	-	-	100	72	28
New Deal Taxation Revenue Program	565	-	-	565	568	(3)
Senior Citizens and Disabled Persons Property Tax Relief	847	-	-	847	865	(18)
	<b>63,038</b>	<b>4,691</b>	<b>-</b>	<b>67,729</b>	<b>67,774</b>	<b>(45)</b>



**Government of the Northwest Territories**

**Non-Consolidated Schedule of Grants (unaudited)**

**Schedule 5 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
<b>Environment and Natural Resources</b>						
Disaster Compensation	15	-	-	15	4	11
Fire Damage Compensation	100	-	-	100	-	100
Fur Price Program	405	-	200	605	275	330
	<b>520</b>	<b>-</b>	<b>200</b>	<b>720</b>	<b>279</b>	<b>441</b>
<b>Health and Social Services</b>						
Medical Professional Development	40	-	-	40	41	(1)
<b>Justice</b>						
National Judicial Institute	9	-	-	9	6	3
<b>Education, Culture and Employment</b>						
Early Childhood Program Grants	90	-	-	90	2	88
Early Childhood Program Operator Subsidy	4,253	-	-	4,253	4,469	(216)
Early Childhood Scholarship	165	-	-	165	120	45
Early Childhood Worker Grant Program	890	-	-	890	1,163	(273)
French Language Broadcasting	10	-	-	10	10	-
Indigenous Scholarships	-	-	-	-	85	(85)
NWT Arts Council	700	-	-	700	709	(9)
Senior Home Heating Subsidy	2,192	-	-	2,192	1,836	356
Student Grants	12,076	-	-	12,076	10,365	1,711
Support to Northern Performers	101	-	-	101	89	12
Trades and Occupations Wage Subsidy	1,072	-	-	1,072	757	315
Workforce Development Agreement	1,367	-	386	1,753	702	1,051
	<b>22,916</b>	<b>-</b>	<b>386</b>	<b>23,302</b>	<b>20,307</b>	<b>2,995</b>
<b>Total</b>	<b>134,188</b>	<b>4,691</b>	<b>586</b>	<b>139,465</b>	<b>129,417</b>	<b>10,048</b>

Land with cost and net book value of \$0, market value \$249 (2019 - \$2,184) was contributed to third parties.

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Legislative Assembly</b>						
Capital Area Development Fund	50	-	-	50	-	50
Human Rights Commission Core Funding	180	-	-	180	180	-
	<b>230</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>180</b>	<b>50</b>
<b>Executive and Indigenous Affairs</b>						
Native Women's Association Core Funding	426	-	-	426	426	-
North Slave Metis Alliance	-	-	-	-	20	(20)
Satellite Antenna Art	-	-	-	-	1	(1)
Status of Women Council	394	-	-	394	394	-
	<b>820</b>	<b>-</b>	<b>-</b>	<b>820</b>	<b>841</b>	<b>(21)</b>
<b>Finance</b>						
Northwest Territories Heritage Fund Core Funding	7,600	-	-	7,600	1,857	5,743
Northwest Territories Housing Corporation Core Funding	70,363	3,264	-	73,627	73,627	-
Territorial Power Subsidy Program	7,153	-	-	7,153	7,505	(352)
	<b>85,116</b>	<b>3,264</b>	<b>-</b>	<b>88,380</b>	<b>82,989</b>	<b>5,391</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Municipal and Community Affairs</b>						
A Brilliant North	565	-	-	565	500	65
Annual Non-Government-Organization Stabilization Fund	700	-	-	700	642	58
Assistance to Community Governments	-	-	-	-	15	(15)
Children and Youth Resiliency Program	450	-	-	450	409	41
Community Governments:						
Capital Formula Funding	29,000	-	-	29,000	29,000	-
Community Financial Services	135	-	-	135	-	135
Recreation Funding	825	-	-	825	807	18
Water and Sewer Services Funding	19,887	-	-	19,887	19,887	-
Get Active NWT	100	-	-	100	100	-
Ground Ambulance and Highway Rescue	185	-	-	185	185	-
Healthy Choices Initiative	765	-	-	765	656	109
Multisport Games	-	650	-	650	650	-
Pan Territorial Sport Program	272	-	-	272	272	-
Partners Contribution - Assessment Services	125	-	-	125	125	-
Partners Contributions	460	-	-	460	460	-
Recreation Contributions	450	-	-	450	125	325
Regional Youth Sport Events	400	-	-	400	428	(28)
Volunteer Contributions	70	-	-	70	70	-
Volunteer Recognition	30	-	-	30	11	19
Youth Centres	500	-	-	500	472	28
Youth Contribution Programs	225	-	-	225	201	24
Youth Corps - Regional Operations	500	-	-	500	390	110
Youth Corps - Sport, Recreation and Youth	675	-	-	675	625	50
	<b>56,319</b>	<b>650</b>	<b>-</b>	<b>56,969</b>	<b>56,030</b>	<b>939</b>
<b>Lands</b>						
Consultation for Land Use Decisions	75	-	-	75	76	(1)
Land Use Planning Initiatives	265	-	-	265	618	(353)
Northwest Territories Surface Rights Board	303	-	-	303	306	(3)
Sustainable Land Use Management	230	-	-	230	178	52
	<b>873</b>	<b>-</b>	<b>-</b>	<b>873</b>	<b>1,178</b>	<b>(305)</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Health and Social Services</b>						
Anti-Poverty Fund and Day Shelter	1,150	-	-	1,150	1,055	95
Child and Family Services	128	-	89	217	229	(12)
Community Wellness Initiatives Fund	1,014	-	-	1,014	930	84
Disabilities Fund	335	-	-	335	344	(9)
Early Childhood Development Action Plan	277	-	-	277	243	34
Early Childhood Development Breastfeeding Fund	65	-	-	65	17	48
Family Violence	395	-	-	395	306	89
French Language Services	856	-	114	970	938	32
Health and Social Services Authority Funding	334,839	10,539	(1,837)	343,541	343,288	253
Healthy Family Program	292	-	-	292	488	(196)
Mental Health and Addictions	250	-	-	250	274	(24)
Mental Health and Addictions Bilateral Fund	-	-	-	-	25	(25)
Northern Wellness Initiatives	-	7,607	-	7,607	8,235	(628)
On the Land Healing Fund	1,825	-	-	1,825	1,201	624
Registered Nurses Association of the Northwest Territories & Nunavut	-	-	-	-	25	(25)
Respite Fund	225	-	-	225	229	(4)
Seniors Fund	205	-	-	205	205	-
Substance Use and Addictions Program	-	-	-	-	578	(578)
Tlicho Cultural Coordinator	35	-	-	35	-	35
	<b>341,891</b>	<b>18,146</b>	<b>(1,634)</b>	<b>358,403</b>	<b>358,610</b>	<b>(207)</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Environment and Natural Resources</b>						
Adaptation Plan	25	-	-	25	-	25
Alternative Harvest	-	-	-	-	75	(75)
Caribou Monitoring	326	75	-	401	159	242
Climate Change Community Adaptation Community Harvester Assistance Program	300	-	-	300	243	57
Conservation Planning	1,074	-	-	1,074	1,187	(113)
Country Foods	340	-	-	340	302	38
Cumulative Impact Monitoring Program	50	-	-	50	239	(189)
Disease Contaminants	1,871	-	-	1,871	1,672	199
Industry Development	41	-	-	41	16	25
Interim Resource Management Assistance Program	50	-	-	50	128	(78)
Inuvialuit Water Board	1,655	-	-	1,655	1,829	(174)
Local Wildlife Committees	913	-	-	913	784	129
MacKenzie River Basin Board	257	-	-	257	109	148
Modelling and Remote Sensing	50	-	-	50	-	50
Monitoring and Range Planning	65	-	-	65	-	65
Nature Fund Protected Areas	-	-	-	-	310	(310)
NWT Water Strategy	-	1,904	-	1,904	1,977	(73)
Stewardship Program	175	-	-	175	94	81
Take A Kid Trapping	330	-	-	330	289	41
Traditional Knowledge	125	-	-	125	48	77
Water Strategy Action Plan	65	-	-	65	7	58
Wildfire Research Support	250	-	-	250	1,000	(750)
Wildfire Risk Management Plan	25	-	-	25	40	(15)
Wildlife Management Boards	75	-	-	75	117	(42)
	118	-	-	118	113	5
	<b>8,180</b>	<b>1,979</b>	<b>-</b>	<b>10,159</b>	<b>10,738</b>	<b>(579)</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Industry, Tourism and Investment</b>						
Business Development and Investment Corporation	1,883	76	-	1,959	1,959	-
Canadian Agricultural Partnership	488	-	-	488	495	(7)
Commercial Fisheries	450	-	-	450	313	137
Community Futures	825	-	-	825	865	(40)
Community Tourism Coordinators	150	-	-	150	150	-
Community Tourism Infrastructure	200	-	-	200	210	(10)
Community Transfers Initiative	1,587	-	-	1,587	1,452	135
Convention Bureau	100	-	-	100	100	-
Film Industry Rebate Program	100	100	-	200	100	100
Great Northern Arts Festival	25	-	-	25	25	-
Indigenous Mineral Development Support Program	100	-	-	100	140	(40)
Mining Incentive Program	1,000	-	-	1,000	982	18
Northern Food Development Program	550	-	-	550	546	4
Northwest Territories Chamber of Mines	30	-	-	30	120	(90)
Support for Entrepreneur and Economic Development	3,866	-	-	3,866	4,047	(181)
Tourism 2020	400	-	-	400	424	(24)
Tourism Industry Funding	4,136	-	-	4,136	4,136	-
Tourism Product Diversification Program	1,086	-	-	1,086	1,082	4
Tourism Skills Development	50	-	-	50	82	(32)
Various Contributions Economic Diversification	-	-	-	-	17	(17)
Various Contributions Minerals and Petroleum Resources	-	-	-	-	626	(626)
Yellowknife Visitors Centre	161	-	-	161	161	-
	<b>17,187</b>	<b>176</b>	<b>-</b>	<b>17,363</b>	<b>18,032</b>	<b>(669)</b>
<b>Justice</b>						
Community Justice Committees and Projects	1,818	80	-	1,898	1,690	208
Offender Reintegration	179	-	-	179	-	179
Victims Assistance Support Projects	968	110	-	1,078	923	155
YWCA of Yellowknife	105	-	-	105	105	-
	<b>3,070</b>	<b>190</b>	<b>-</b>	<b>3,260</b>	<b>2,718</b>	<b>542</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Infrastructure</b>						
Alternative and Renewable Energy						
Research	70	-	-	70	-	70
Alternative Energy Program	150	-	-	150	200	(50)
Arctic Energy Alliance Core Funding	1,600	-	-	1,600	1,600	-
Arctic Research Foundation	-	-	-	-	650	(650)
Aurora Research Institute Energy						
Projects	70	-	-	70	220	(150)
Biomass Energy Program	200	-	-	200	100	100
Business Support Program	200	-	-	200	200	-
Community Government Retrofits	200	-	-	200	190	10
Community Renewable Energy Program	100	-	-	100	100	-
Electricity System Analysis	30	-	-	30	20	10
Energy Efficiency Incentive Program	100	-	-	100	200	(100)
Energy Guide for Houses	190	-	-	190	150	40
Infrastructure Contributions						
Northwest Territories Power						
Corporation	42,275	3,300	(300)	45,275	11,216	34,059
Talston Expansion Planning	-	300	-	300	-	300
Local Community Roads	1,480	-	-	1,480	1,211	269
Low Carbon Economy Leadership Fund	6,746	1,293	(414)	7,625	2,409	5,216
Northern Transportation Adaptation						
Initiative	-	36	-	36	49	(13)
NWT Energy Corporation - Lease						
Agreement	-	-	-	-	96	(96)
NWT Energy Efficiency Projects	300	-	-	300	250	50
Students Against Drinking and Driving	12	-	-	12	10	2
Tulita Solar Project	-	320	-	320	264	56
	<b>53,723</b>	<b>5,249</b>	<b>(714)</b>	<b>58,258</b>	<b>19,135</b>	<b>39,123</b>

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Contributions (unaudited)**

**Schedule 6 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
<b>Education, Culture and Employment</b>						
Arts Organizations Operating Funding	460	-	-	460	424	36
Aurora College Funding	32,470	1,206	-	33,676	33,168	508
Career Development and Training	80	-	-	80	-	80
Community Library Services	763	-	-	763	773	(10)
Cultural Organizations	424	-	-	424	463	(39)
Early Childhood Program	1,339	-	-	1,339	1,344	(5)
Education Authority Funding	156,104	1,177	-	157,281	155,795	1,486
Education Renewal and Innovation	185	-	-	185	257	(72)
Healthy Food for Learning	650	-	-	650	650	-
Heritage Centres	491	-	-	491	491	-
Infrastructure Contributions:						
Early Childhood and School Services	3,000	2,000	-	5,000	2,430	2,570
Income Security Initiative	228	-	-	228	226	2
Literacy Funding:						
Early Childhood and School Services	677	-	-	677	700	(23)
Labour Development and Advanced	1,679	-	-	1,679	2,312	(633)
Minority Language Education and Second						
Language Instruction (French)	2,539	-	-	2,539	3,248	(709)
Northern Distance Learning	1,399	-	-	1,399	1,425	(26)
Northern Youth Abroad	-	-	-	-	50	(50)
NWT Teachers' Association Professional						
Development Fund	2,019	-	-	2,019	1,890	129
Official Languages:						
Indigenous Languages	6,285	-	-	6,285	5,699	586
Indigenous Languages Broadcasting	1,028	-	-	1,028	876	152
Francophone Affairs	127	-	-	127	124	3
Rainbow Coalition	-	-	-	-	35	(35)
Skills Canada	70	-	-	70	70	-
Small Community Employment	4,244	800	-	5,044	5,014	30
Supporting Child Inclusion and						
Participation	1,700	-	-	1,700	1,539	161
Tlicho Cultural Coordinator	35	-	-	35	-	35
Workforce Development Agreement	975	-	(386)	589	1,383	(794)
	<b>218,971</b>	<b>5,183</b>	<b>(386)</b>	<b>223,768</b>	<b>220,386</b>	<b>3,382</b>
<b>Total</b>	<b>786,380</b>	<b>34,837</b>	<b>(2,734)</b>	<b>818,483</b>	<b>770,837</b>	<b>47,646</b>



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**Government of the Northwest Territories**

**Non-Consolidated Schedule of Special Warrants (unaudited)**

**Schedule 7**

**for the year ended March 31, 2020**

(thousands of dollars)

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**SPECIAL WARRANTS**

There were no Special Warrants for the fiscal year ended March 31, 2020.

**Government of the Northwest Territories**

**Non-Consolidated Schedule of Inter-activity Transfers Exceeding  
\$250,000 (unaudited)**

**Schedule 8**

**for the year ended March 31, 2020**

(thousands of dollars)

	Transfer to (from) \$	Explanation	
<b>OPERATIONS AND MAINTENANCE</b>			
<b>Environmental and Natural Resources</b>			
Wildlife	(450)	Transfer from Wildlife for Barren Ground Caribou Conservation and Recovery - Wolf Incentive program, and for the Wekweëti Fire Crew and Fire Science Research program to the activities where they will be administered.	
Forest Management	250		
Corporate Management	200		
Infrastructure Project Classification	(62)	The infrastructure budget associated with project costs that are not classified as operations and maintenance expenditures has been transferred to the capital investment budget.	
<b>Health and Social Services</b>			
Diagnostic and Therapeutic Services	(1,071)	Transfer from Diagnostic and Therapeutic Services, Supplementary Health Programs and Nursing Inpatient Services to correctly allocate collective agreement increases at the Northwest Territories Health and Social Services Authority and the Tlicho Community Services Agency. Transfer from Diagnostic and Therapeutic Services of Chemotherapy program to Ambulatory Care Services.	
Administrative and Support Services	179		
Ambulatory Care Services	441		
Community Health Programs	669		
Community Social Programs	74		
Nursing Inpatient Services	(84)		
Supplementary Health Programs	(208)		
Supplementary Health Programs	(73)		Transfer of pan-Canadian Pharmaceutical Alliance funding from Extended Health Benefits to the Directorate.
Administrative and Support Services	73		
Administrative and Support Services	(561)		Transfer from Administrative and Support Services to correctly allocate collective agreement increases at the Hay River Health and Social Services Authority. Transfer of positions and program funding from Administrative and Support Services to Community Social Programs for Child and Family Services and to Community Health Programs for Mental Wellness and Addictions Recovery. Partially offset by transfer from Community Health Programs to Administrative and Support Services for Substance Use and Addictions Program funding, and O&M and chargeback funding.
Ambulatory Care Services	27		
Community Health Programs	(221)		
Community Social Programs	340		
Diagnostic and Therapeutic Services	107		
Nursing Inpatient Services	308		
Infrastructure Project Classification	12,536	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.	
<b>Education, Culture and Employment</b>			
Early Childhood and School Services	(264)	Transfer of amortization to match ownership of assets to the activity where it will be administered.	
Culture, Heritage and Languages	264		
Infrastructure Project Classification	301	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.	
<b>Infrastructure</b>			
Regional Operations	(2,560)	Transfer of Regional Property Management Officer and the new Stanton Hospital utility budget to the activity where they will be administered.	
Asset Management	2,560		
Infrastructure Project Classification	993	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.	
Infrastructure Project Classification	(1,070)	The infrastructure budget associated with project costs that are not classified as operations and maintenance expenditures has been transferred to the capital investment budget.	

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**Government of the Northwest Territories**

**Non-Consolidated Schedule of Inter-activity Transfers Exceeding  
\$250,000 (unaudited)**

**Schedule 8 (continued)**

**for the year ended March 31, 2020**

(thousands of dollars)

---

	Transfer to (from) \$	Explanation
<b>Finance</b>		
Infrastructure Project Classification	63	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget
<b>Industry, Tourism, and Investment</b>		
Infrastructure Project Classification	24	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.

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**Government of the Northwest Territories****Non-Consolidated Schedule of Inter-activity Transfers Exceeding  
\$250,000 (unaudited)****Schedule 8 (continued)****for the year ended March 31, 2020****(thousands of dollars)**

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	Transfer to (from) \$	Explanation
<b>CAPITAL INVESTMENT</b>		
<b>Environmental and Natural Resources</b>		
Water Management and Monitoring	(425)	Transfer of the Taiga Laboratory Equipment and the Inductivity Coupled Plasma - Mass Spectrometry projects to the activity where they will be administered.
Environmental Protection and Waste Management	425	
Infrastructure Project Classification	62	The infrastructure budget associated with project costs that are not classified as operations and maintenance expenditures has been transferred to the capital investment budget.
<b>Finance</b>		
Information Systems Shared Services Office of the Comptroller General	(5,421) 5,421	Transfer of the Integration of Health and Social Services Authorities' Financial and Human Resources Systems into the System for Accountability and Management project to the activity where it will be administered.
Infrastructure Project Classification	(63)	
<b>Health and Social Services</b>		
Infrastructure Project Classification	(12,536)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
<b>Industry, Tourism and Investment</b>		
Infrastructure Project Classification	(24)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
<b>Infrastructure</b>		
Asset Management	(13,704)	Transfer of the Mackenzie Valley Highway Environmental Assessment, Slave Geological Province Corridor Environmental Assessment and Mount Gaudet Access Road projects to the activity where they will be administered.
Corporate Management	13,704	
Infrastructure Project Classification	1,070	The infrastructure budget associated with project costs that are not classified as operations and maintenance expenditures has been transferred to the capital investment budget.
Infrastructure Project Classification	(993)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
<b>Education, Culture and Employment</b>		
Infrastructure Project Classification	(301)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.

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**Government of the Northwest Territories**

**Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and  
Remissions (unaudited)**

**Schedule 9**

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**for the year ended March 31, 2020**

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**ACCOUNTS RECEIVABLE WRITTEN OFF**

No amounts were written off during the fiscal year ended March 31, 2020.

**FORGIVENESS OF DEBT**

No amounts were forgiven during the fiscal year ended March 31, 2020.

**REMISSION OF STUDENT LOANS**

The total student loans remised during the fiscal year ended March 31, 2020 was \$2,004,908.

**REMISSION OF TAXES AND PENALTY**

The total taxes and penalties remised during the fiscal year ended March 31, 2020 was \$160,331.

**Finance**

E. Gruben's Transport Ltd.    \$160,331

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**Government of the Northwest Territories****Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and  
Others - Expenditures Recovered (unaudited)****Schedule 10****for the year ended March 31, 2020**

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\$

**Executive and Indigenous Affairs**

Inuvialuit Land Claim Implementation	184,735
Gwich'in Land Claim Implementation	4,300
Sahtu Land Claim Implementation	5,471
Tlicho Land Claim Implementation	298,659

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**493,165**

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**Finance**

Tobacco Tax Conference	14,312
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**Municipal and Community Affairs**

Clean Water & Wasted Water Fund	13,695,785
Designated Authority Council Training	15,589
Emergency Management Development	81,163
Gas Tax	28,286,616
Inuvialuit Implementation	8,076
Investing in Canada Infrastructure	2,282,848
National Disaster Mitigation - Aklavik	123,221
Pan Territorial Strategy	421,949
Small Community Fund	3,904,071

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**48,819,318**

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**Infrastructure**

Gwich'in Land Claim Implementation	4,921
Hay River Access Corridor	82,969
Inuvialuit Land Claim Implementation	50,000
National Safety Code	153,140
Office Lease - Beaufort Delta Education Council	146,100
Royal Canadian Mounted Police Facilities Maintenance	2,913,607
Royal Canadian Mounted Police Janitorial Services	181,359
Royal Canadian Mounted Police Minor Capital Services	3,377,930
Royal Canadian Mounted Police Utilities	2,569,950
Sahtu Land Claim Implementation	4,920
The Alberta Road Maintenance	231,038
Tlicho Land Claim Implementation	13,688
Wood Buffalo National Park Highway 5 Road Maintenance	1,455,398

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**11,185,020**

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**Government of the Northwest Territories****Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and  
Others - Expenditures Recovered (unaudited) Schedule 10 (continued)**

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**for the year ended March 31, 2020**

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	\$
<b>Justice</b>	
Annual Conference	6,839
Court Ordered Counsel	33,348
Estates Clerk	154,547
Family Information Liaison Unit	381,000
Gwich'in Land Claim Implementation	24,412
Sahtu Land Claim Implementation	24,412
Tlicho Land Claim Implementation	48,076
	<b>672,634</b>

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**Health and Social Services**

Canadian Chronic Disease Surveillance System	276,629
Canadian Hospitals Injury Research	79,990
Home and Community Care Enhancement	6,814,174
Non Insured Health Benefits	18,229,577
Northern Wellness	2,697,429
Pan-Northern Child Welfare	217,094
Territorial Health Investment Fund Cultural Competencies	819,478
Territorial Health Investment Fund Medical Travel	5,000,000
Territorial Health Investment Fund Oral Health	1,011,396
Toll-Free Tobacco Quitline Services	72,450
	<b>35,218,217</b>

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**Education, Culture and Employment**

Digitizing Canadian Collections	64,000
Gwich'in Land Claim Implementation	24,000
Labour Market Development Agreement	4,587,331
Sahtu Land Claim Implementation	24,000
Tlicho Land Claim Implementation	70,888
	<b>4,770,219</b>

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**Government of the Northwest Territories****Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and  
Others - Expenditures Recovered (unaudited) Schedule 10 (continued)**

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**for the year ended March 31, 2020**

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	\$
<b>Environment and Natural Resources</b>	
Alberta and NWT Bilateral Water Management Agreement	220,123
Assessing Caribou Response to Mining Infrastructure	20,535
Bats in Building Educational Campaign and Habitat Use Identification	33,750
Bison Control Program	15,335
Border Zone Agreements	63,688
Caribou Habitat Viewer and Online Mapping Tool	116,057
Climate Change Preparedness in the North	764,209
Conversation Data Centre Data Development	92,239
Estimated Cost Implications of Climate Change	101,050
Gwich'in Land Claim Implementation	87,171
Inuvialuit Land Claim Implementation	4,557,090
Knowledge Agenda	8,500
Monitoring of the Bluenose - Inuvik	30,000
Monitoring Polar Bear Subpopulations in the Western Arctic	125,000
Mutual Aid Research Sharing Agreement	2,017,565
National Forest Inventory	316,315
Sahtu Duck Banding Project	12,872
Sahtu Land Claim Implementation	106,566
Tlicho Land Claim Implementation	71,696
Wilfred Laurier University - Impacts of Permafrost	57,165
Yellowknife Legacy Contaminants	61,997
Yukon and NWT Bilateral Water Management Agreement	37,350
	<b>8,916,273</b>
<b>Industry, Tourism and Investment</b>	
Canadian Agricultural Partnership	526,435
Gwich'in Land Claim Implementation	19,574
	<b>546,009</b>
<b>Total</b>	<b>110,635,167</b>

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# Public Accounts 2019-2020

## 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, 2020**

**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**

**Entities**

Aurora College  
Arctic Energy Alliance  
Inuvialuit Water Board  
Northwest Territories Business Development and Investment Corporation  
Northwest Territories Heritage Fund  
Northwest Territories Housing Corporation  
Northwest Territories Human Rights Commission  
Northwest Territories Hydro Corporation  
Northwest Territories Sport and Recreation Council  
Northwest Territories Surface Rights Board  
Status of Women Council of the Northwest Territories

**Revolving Funds**

Fur Marketing Service Revolving Fund  
Marine Transportation Services  
Northwest Territories Liquor Licensing Board and Liquor Enforcement  
Northwest Territories Liquor & Cannabis Commission  
Fuel Services Division  
Public Stores Revolving Fund  
Yellowknife Airport Revolving Fund

**Special Purpose Funds**

Environment Fund  
Legislative Assembly Retiring Allowance Fund  
The Natural Resources Conservation Trust Fund  
Public Trustee for the Northwest Territories  
Students Loan Fund  
Territorial Court Judges Registered Pension Plan Fund

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COLLÈGE  
AURORA  
COLLEGE

AURORA COLLEGE  
**ANNUAL  
REPORT**  
**2018 - 2019**



# PURPOSE

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

# MISSION STATEMENT

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

# OUR VALUES

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

## **We will continue to do this by:**

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



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Aurora Research Institute	14		





# Administrator's Message

One of the most satisfying aspects of my role as Administrator of Aurora College is the opportunity to connect with students and graduates during times of celebration, such as convocations and completion ceremonies. This past academic year marked the 50th anniversary of Aurora College providing adult and post-secondary education to Northerners, and it was my pleasure to be among the first to congratulate the 50th anniversary graduates.



The very first course delivered by what would become Aurora College was a Heavy Equipment Operator program west of Fort Smith in 1968, which was soon followed by a one-year Teacher Education certificate in 1969. Since then, Aurora College has grown and evolved into an institution that provides adult and post-secondary education ranging from Adult Literacy & Basic Education to post-graduate certifications.

During the anniversary year, campuses and communities held a number of events to celebrate the College's role in the NWT

and recognized students, alumni, former staff and faculty, and many community and industry partners. The history and building of Aurora College is closely intertwined with the history and building of the NWT, its regions, and its communities. Every year, at least ten percent of the adult NWT population is enrolled in a workshop, course or program at Aurora College. Over the past 50 years, many leaders of the NWT (and what is now Nunavut) have attended the institution.

Through the growth from the Adult Vocational and Technical Centre (AVTC), to Thebacha College, to Arctic College, and to the current Aurora College, the goal of continuous improvement has been a constant. Programs are created and re-invigorated to meet the every-changing needs of the NWT and of the northern labour market. As Aurora College sits on the cusp of transforming into a polytechnic university, that close relationship with its many stakeholders will continue to guide the College's path forward. I look forward to continuing to be a part of that journey.

**Denny Rodgers**  
**Administrator,**  
**Aurora College**

# President's Message

A new academic year is always a time of optimism, hope, and opportunity. As always, students come to Aurora College looking for help to create better lives for themselves and their families. In this respect, I've often described our "core business" as being one of hope and transformation – we are entirely about helping students to identify their dreams and working with them to achieve those dreams.

To me, this is why the path we are currently on – transforming Aurora College into a polytechnic university – is so exciting. In 2018, the Government of the Northwest Territories committed to the transformation, which will see the institution better meet the needs of our students, residents, industries, and employers. Throughout the process, we will be engaging with Indigenous governments, working with industry, communities, faculty and staff, current and potential students, and other educational institutions to ensure NWT youth and residents continue to have access to a variety of high-quality educational opportunities.

Research shows that 78 percent of in-demand jobs in the NWT over the next ten years will require some post-secondary education. Polytechnic universities provide options ranging from certificates, to trades, to degree programs, and combine the practical approach of a college education with the depth of study associated with a university.

Aurora College and the Government of the Northwest Territories will work together to fulfill the commitments to transform Aurora College into a polytechnic university. At the time of writing this, we

are in the process of strengthening the foundation and planning for change. We know that a successful transformation requires that we make the right changes, in the right order, at the right time.

We will continue to serve the residents of the Northwest Territories with quality programs across a variety of disciplines, building on the excellent programs already in place in health and human services, business and leadership, and environmental and natural resource management. As an institution, we are committed to meeting learners where they are in their educational journey; our support for developmental studies will continue during and after the transformation.

The new polytechnic university will provide NWT residents with the increased educational opportunities required to access the evolving NWT labour market, now and into the future. We look forward to the journey!



**Dr. Tom Weegar**  
**President, Aurora College**  
**Associate Deputy Minister,**  
**Post-Secondary Education Renewal**

# 1968-1969 to 2018-2019 50 Years of Educating Northerners



During the 2018-19 academic year, Aurora College celebrated 50 years of educating Northerners. Commemorative events were held at each campus and most Community Learning Centres – drum dances, community barbecues, bannock making contests, community and youth activity nights, open houses, College-themed scavenger hunts, and alumni get-togethers were some of the many special events held across the NWT. The Aurora Open Golf Tournament, which marked its 20th year in 2019, raised approximately \$7,000 for scholarships for Aurora College students. Northwestern Air Lease Ltd. decorated several of their airplanes with our 50<sup>th</sup> anniversary logos.





# Highlights From the 2018-2019 Academic Year

## Awards & Recognition

Annika Trimble, Outreach Coordinator at the Western Arctic Research Centre with Aurora Research Institute, was awarded a 'Making a Difference' award from the Canadian Association of Science Centres (CASC) in May. CASC recognizes outstanding people, programs, and exhibits in Canada's science centres, museums, aquariums, and planetariums.

Bachelor of Education students Karen Lepine (Year 4) and Joni Tsatchia (Year 3) received \$5,000 scholarships from the Association of Canadian Universities for Northern Studies. The winning research – Deh Gah Gotine (I am) – focuses on the celebration of Northern Indigenous heritage, culture, and identity.

Third-year Bachelor of Science in Nursing student Allison Forbes received the inaugural \$20,000 Edets'seèhdzà Studentship Award given to support an Aurora College student involved in health research. Edets'seèhdzà [eh-dey-tsay-zah] means "stepping forward to challenge yourself" in the Tłı̨chǫ language. The studentship is provided through a partnership between Hotì ts'eeda, Aurora College, and Aurora Research Institute. Hotì ts'eeda is a CIHR-funded research support unit hosted by the Tłı̨chǫ Government.

### Several faculty received advanced degrees during 2018-19:

**Dr. Jessica Dutton** – Manager of Research Ethics & Regional Programs, Aurora Research Institute – PhD in Social and Behavioural Science, University of Toronto  
**Dr. Suzanne Robinson** – Instructor, Developmental Studies, Yellowknife North Slave Campus – PhD in Sociology, University of Essex  
**Jim Stauffer** – Community Adult Educator, Whatì – Master of Arts in Learning and Technology, Royal Roads University  
**Jennifer Waterhouse** – Curriculum Development Manager – Master of Education (Lifelong Learning), Mount Saint Vincent University



## New Trades Fundamentals Programs

Two 20-week trades entry programs – Fundamentals of Carpentry and Fundamentals of Electrical – were introduced in 2018-19. Both include approximately ten weeks of practical training and the first level technical training for each trade. Upon completing, students have the opportunity to write the relevant NWT Trades Entrance exam.

## Transformation to Polytechnic University

The Government of the Northwest Territories has committed to transforming Aurora College into a polytechnic university so NWT residents have increased educational opportunities to succeed in accessing NWT jobs and building our economy, now and into the future. We are creating a university for the North, across the North and the transformation will build capacity at our three campuses – Thebacha, Aurora, and Yellowknife North Slave – along with the Aurora Research Institute and Community Learning Centres. Our transformation is an exciting opportunity to transform post-secondary education in the NWT and work with communities, Indigenous governments, and other educational institutions to make sure our youth and residents have access to education opportunities right here in the NWT.



## Arts, Crafts & Technology Micro-Manufacturing Centre

Aurora College received \$1.75 million in funding over five years with a Technology Access Centres (TAC) Grant from the Natural Sciences and Engineering Research Council's College and Community Innovation Program. TAC grants enhance small and medium-sized enterprises to become more productive and innovative by providing them with access to technology, equipment, and college expertise. The TAC supports the Arts, Crafts and Technology Micro-Manufacturing Centre (ACTMC) that merges traditional arts and crafts with new micro-manufacturing technologies. The ACTMC also received \$196,500 in funding from the Canadian Northern Economic Development Agency (CanNor). The ACTMC is a joint project with the Inuvialuit Regional Corporation, the Gwich'in Tribal Council, and the Government of Northwest Territories Departments of Industry, Tourism and Investment and Education, Culture and Employment. Aurora College is the only college in the three territories to receive a TAC grant.



Matthew Dares, ARI's Manager of Technology, led the team of dedicated partners to realize the Arts, Crafts and Technology Micro-Manufacturing Centre. Their collaborative spirit and success earned the NWT Premier's Award for Collaboration 2019.



## New Furniture at Campuses

Supporting the continuing development of our learning environments, new furniture was purchased for use in the communal areas of each of the three campuses. This investment provides an inviting and comfortable space that encourages learners to share, collaborate, and participate in a learning commons approach to education.



## Centre for Mine and Industry Training Official Opening

On January 7, 2019, the Centre for Mine and Industry Training at Thebacha Campus was officially opened. The centre is a joint federal-territorial funded project (owned by the GNWT). The new facility is the site for the development and delivery of mining related programming. The total cost of the project was \$10,395,046, with the GNWT contributing \$6,316,282 to the facility.

## Mother and daughter graduate with Bachelor of Science in Nursing

Jody Prince and her daughter Jordan Erickson shared a major milestone in their personal and professional lives in May – they graduated together from Aurora College's four-year Bachelor of Science in Nursing program. Jody Prince was also the recipient of the Board of Governors' Student Leadership award and the Clinical Excellence award from the Registered Nurses' Association of NWT and Nunavut.





## Prior Learning Assessment and Recognition (PLAR)

Seventeen students achieved their NWT Secondary School Graduation Diplomas in 2018-19 through Prior Learning Assessment and Recognition (PLAR) or Special Cases with Aurora College. This is the highest number yet since the College adopted PLAR in 2015. Learners work with Aurora College instructors to gather evidence to support their prior learning that is considered equivalent to high school elective courses. The goal is to achieve the 100 credits required for a Grade 12 diploma, following a validation process of the prior learning by Department of Education, Culture and Employment staff.



## Certificate in Indigenous Language Revitalization Pilot

In partnership with the University of Victoria and the Department of Education, Culture and Employment, the College is piloting the two-year Certificate in Indigenous Language Revitalization. The first six (of eight) courses attracted ten successful learners and a great deal of interest and attention across the NWT. The part-time pilot will continue and expand in 2019-20 with a second cohort; graduation for both cohorts is scheduled for March 2020.



## Equity, Diversity and Inclusion Institutional Capacity-Building Grant

Aurora College is one of 15 post-secondary institutions to receive a Natural Sciences and Engineering Research Council of Canada (NSERC) Equity, Diversity and Inclusion (EDI) Institutional Capacity-Building Grant. Aurora College received \$384,700 over two years to research, develop, and implement an EDI plan for a polytechnic university and to plan, develop, and implement a new Traditional Knowledge (TK) policy. The funding will be instrumental in Aurora College's transformation from a college to a polytechnic university. The new Traditional Knowledge policy will build upon Aurora College's current Traditional Knowledge policy implemented in 1996.

## Research Grants and Funding

Aurora College/Aurora Research Institute were awarded more than \$2.9 million from the Tri-Council (Natural Sciences and Engineering Research Council, Social Sciences and Humanities Research Council, Canadian Institutes of Health Research) for multi-year projects: \$697,433 of which was received in 2018-19. In addition to Tri-Council grants, in 2018-19 Aurora College/Aurora Research Institute received \$1,408,982 from other research funding sources.

The Applied Permafrost-Infrastructure Hub has received funding from multiple sources including a CIRNAC Climate Change Preparedness in the North award of \$325,576, an NSERC – Entry Level Innovation Enhancement Grant for \$200,000, and an NSERC Applied Research Tools and Instruments grant for \$146,933. These grants support the creation of a Western Arctic Permafrost Research Network. The objective is to coordinate and centralize permafrost research data in the Beaufort-Delta region to provide data and information platforms in developing mitigation and climate-change adaptation measures.

Dr. Pertice Moffitt, the Manager/Instructor, Health Research Programs at the North Slave Research Centre, is one of 12 principal investigators on the SPOR Evidence Alliance – Guideline and Systematic Reviews grant. Dr. Moffitt is conducting community partnership engagements to complete a jurisdictional review on family violence with the Community and Policing Division, Department of Justice, GNWT. The project is supported with funding from the SPOR Evidence Alliance and the GNWT. SPOR is the Strategy for Patient-Oriented Research, funded by the Canadian Institutes of Health Research.

Dr. Moffitt is also a co-investigator for the Welcoming the Sacred Spirit Indigenous maternal health research project which aims to embrace and include Indigenous Knowledge, values, teachings, and stories. This project was one of only 371 grants approved of 2,484 applications across the country for CIHR funding. The University of Manitoba will manage the \$810,000 project.

## Early Learning & Child Care Diploma Pilot Unique in Canada

Interest remains high in the pilot Early Learning & Child Care (ELCC) diploma, offered for the first time in 2018-19. The innovative and experiential diploma is unique in Canada for its focus on meeting the needs of Indigenous communities. After learning how to build programs for children, the ELCC students (more than 80 percent of whom are Indigenous) practice developing early childhood programming that promotes Indigenous language and culture. Pre-school children from local early child-care facilities visit the specially-designed child play-room laboratory at the College's Trades & Technology building in Yellowknife, where ELCC students deliver the programs they have designed. While the College has offered early childhood education for two decades, it has been primarily by part-time, distance delivery. Many of the ELCC students have expressed an interest in starting their own day homes in their communities.



## Student Information System (SIS)

Work is close to complete on the new Student Information System (SIS); it should be operational in the fall of 2019. Implementation of the Ellucian PowerCampus system has been a multi-year joint project of Aurora College and the Department of Education, Culture and Employment. While the project had been in the planning stages for several years, its completion and implementation fulfills an important commitment made by the GNWT in the Government Response to the Aurora College Foundational Review Report. Faculty and staff will be able to enter, process, and use data to meet the multiple demands of a modern post-secondary institution more easily and accurately. Report generation will be available to provide timely information at various stages of the student lifecycle, including support for the strategic enrolment management system and student retention processes. These reports will enable Aurora College staff and faculty to better meet the needs of students.

## Science, Technology, Engineering & Math (STEM) Outreach

Aurora College received \$360,000 over three years from the Natural Sciences and Engineering Research Council of Canada PromoScience program. The program supports organizations that promote STEM (science, technology, engineering, and math) programming for youth, including hands-on learning experiences. Funds will be used to build upon and expand outreach activities at the Western Arctic Research Centre (WARC) in Inuvik and the South Slave Research Centre (SSRC) in Fort Smith.

SSRC offered 53 STEM outreach events, reaching 1,712 northern youth and residents. These included 32 STEM outreach visits to school classes across the South Slave with 955 student participants; ten teacher outreach events with 113 educator participants; several one-on-one and small group consultations regarding STEM instruction; 14 STEM outreach events for community groups and large public events with 435 participants; and four public research talks with 123 participants at the events and 1,300 tuning in online through livestreams.

WARC offered 211 STEM outreach events, reaching over 4,800 northern youth and residents. These included: 141 STEM outreach visits to school classes with 2,962 student participants; 13 teacher outreach events with 105 educator participants; dozens of one-on-one consultations regarding STEM instruction; 44 STEM outreach events for community groups and large public events with 1,275 participants; 13 public research talks, with 25 researchers sharing their work and 301 participants; and dozens of research facility tours highlighting ARI's role in northern research with an estimated 175 participants.





# Community & Extensions

Each year Aurora College delivers academic upgrading, access, skills-based, and community programs at three campuses and 21 Community Learning Centres throughout the NWT. Aurora College works with local educators and/or itinerant instructors to provide adult upgrading or other skills-based programs. In January, all Community & Extensions staff gathered in Yellowknife for a three-day territorial in-service that focussed on developing teacher leadership capabilities.

## School of Developmental Studies

- Approximately 230 learners registered in Adult Literacy & Basic Education (ALBE), Occupations & College Access (OCAP), and University & College Access (UCAP) across three campuses
- 17 Aurora College learners completed their NWT Secondary School Diploma (Grade 12) through the Prior Learning Assessment and Recognition (PLAR) or Special Cases processes
- Trades Prep 1 course offered for the first time at Aurora Campus to OCAP learners; basic carpentry course taught in Mobile Trades & Technology Lab
- On-the-land learning opportunities and Indigenization of education continue to be key components of Developmental Studies programs

## Community Programming

Working with local and regional governments, organizations and businesses, Community Learning Centres tailor offerings to meet local labour market needs and requests. These are delivered in addition to academic upgrading (ALBE), and Literacy and Essential Skills (LES) courses. Some of the 2018-19 highlights include:

- More than 300 learners enrolled in ALBE at Community Learning Centres across the territory
- Second Merging Arts & Crafts with Technology and Manufacturing program in Inuvik, in partnership with Aurora Research Institute, Inuvialuit Regional Corporation, Inuvialuit Community Economic Development Organization, Gwich'in Tribal Council, and GNWT (Education, Culture & Employment and Industry, Tourism & Investment)
- Building Trades Helper in Tsiigehtchic using Mobile Trades & Technology Lab (MTTL) with a 100 percent success rate
- Marine Training, including Bridge Watch program, offered in Inuvik and Hay River in cooperation with Nunavut Marine Training Consortium, as well as Small Vessel Operator



Proficiency in Tuktoyaktuk, Inuvik, and Fort MacPherson

- Country Foods Processing in Inuvik, drone mapping and ground school for drone operators, ArcGIS training in Tuktoyaktuk for climate change monitoring, environmental monitor for workers in area around Inuvik-Tuk highway
- Continuing education and community programming around the territory included courses such as Water Treatment Operator math, Substance Abuse Management, Guard Training, Tlicho Language Acquisition for non-Indigenous people, Community-based video/digital story telling, Financial Literacy, job search and employment skills, Class 7 driver training, Class 4 driver training, first aid and safety training, firearms safety, Catering Entrepreneurship
- The Integration Service and Language Instruction for Newcomers to Canada (LINC) programs are offered in Yellowknife to refugees, live-in caregivers, and newcomers, funded by





Immigration, Refugees and Citizenship Canada (IRCC)

• Yellowknife Literacy Outreach Centre provides a variety of services to a diverse population of vulnerable clients, in partnership with Yellowknife Association for Community Living and aided by a \$10,000 donation from Dominion Diamond Mines

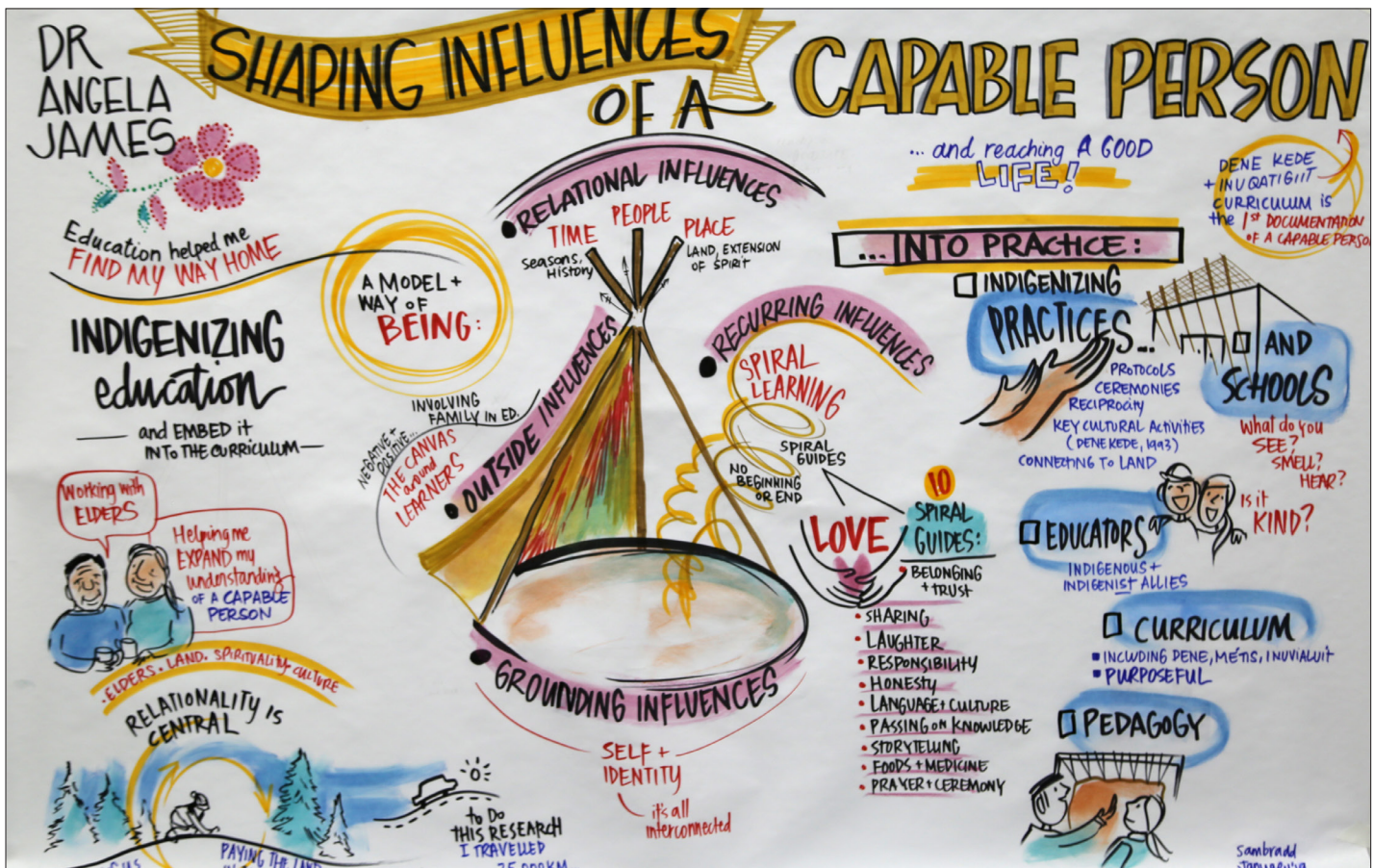
### Continuing Education

• More than 1,300 participants attended Continuing Education courses or workshops at one of the three campuses in 2018-19. Courses included safety certifications, professional development, computer training, employment related courses, small business training, language courses

• Many courses were offered in partnership with or at the request of local organizations, businesses, or government departments

### Northern Adult Basic Education (NABE)

The College continues to administer the NABE program (2012-2020) which is designed to improve access to basic skills upgrades – including improved literacy and numeracy – so working-age adults can participate in the labour market. Student outcomes related to the CanNor-funded program have shown improved academic outcomes in redesigned Access programs (OCAP and UCAP), the newly developed Literacy and Essential Skills courses, and ALBE. Improved outcomes include fewer dropouts, increased completions, increased male enrolments, and increased progressions to further training and education at the College.





# Education & Training

With funding from multiple sources and in response to local and regional needs, the Education and Training Division provides a range of post-secondary programs leading to certificate, diploma, degree, and post-graduate credentials on three campuses and in other NWT communities. Aurora College works closely with business, industry, employer, and educational partners to ensure training meets both student and employer needs. Many of our programs undergo regular extensive accreditation processes. There are five schools within the division: Arts & Science; Business and Leadership; Education, Health and Human Services; and Trades, Apprenticeship and Industrial Training. Aurora College has a variety of accreditation and transfer agreements with other post-secondary institutions and organizations which are reviewed regularly.

## School of Arts & Science

*Environment and Natural Resources Technology Diploma*

- Academic coursework, laboratory skills training, remote field camps, and Traditional Knowledge are combined to offer a one-of-a-kind two-year program; emphasis is on learning through experience
- Transfer agreements with University of Saskatchewan (BA Northern Studies), University of Lethbridge (BSc Environmental Science), North American Wildlife Technology Association (Wildlife Technology Program)

## School of Business and Leadership

Business Administration and Office Administration are offered through a combination of video-conference, distance education, and in-class instruction

*Business Administration Certificate/Diploma*

- Provides skills necessary for careers in business, government, and non-profit organizations
- Diploma offers Work Experience and Accounting Stream options
- Transfer agreements with University of Saskatchewan (BA Northern Studies), University of Lethbridge, Athabasca University

*Office Administration Certificate/Diploma*

- Provides skills and knowledge required for administrative careers in unique NWT work environment
- Graduates can transition into Business Administration program

*Northern Leadership Development Program*

- Provides “front-line” and new managers/supervisors with enhanced knowledge and skills to prepare to advance to more senior positions within their organizations
- Mentorship component key to success of program



## School of Education

*Bachelor of Education (Years 3 & 4 only)*

- Provides a uniquely Indigenous and Northern culture-based teacher education program to meet the needs of NWT students and schools
- Transfer agreement with University of Saskatchewan

*Certificate in Adult Education*

- Multi-level, cross-cultural, self-directed program that (in conjunction with other training and education) prepares graduates for careers such as Adult Education, Program and Curriculum Planning, Training Officers, and Community Educators
- Transfer agreement with University of Alberta

*Early Childhood Development Certificate*

- Part-time, distance education program that trains students to work with children from infancy to age six with an emphasis on pre-school ages
- Primary focus is on promoting the growth and development of healthy children

*Early Learning and Child Care Diploma*

- Pilot program based in Yellowknife
- Emphasis is on development of inclusive play-based curriculum for children from birth to age 11, with a focus on adapting Indigenous languages, cultures, and traditions across the curriculum
- Transfer agreement with Yukon College

## School of Health & Human Services

### *Bachelor of Science in Nursing*

- Emphasis is on educating professional nurses who promote health and healing within a variety of contexts and diverse client populations and who have an understanding and appreciation for the varied populations of the NWT
- In 2018-19, there were more than 100 students across the four years of study
- Partnerships with Stanton Territorial Hospital and NWTSSA sites provide all students opportunities to gain experience in medical/surgical nursing, pediatric/obstetrical nursing, mental health, and community health practices
- Ongoing exchange program with Norway provides third year students the opportunity to work in the health care system in Norway while Norwegian nursing students gain clinical and classroom experiences through Aurora College
- Transfer agreement with University of Victoria

### *Personal Support Worker Certificate*

- Prepares graduates to work closely with vulnerable populations as part of a health care team, often in residential settings or helping people where they live
- Opportunities for interdisciplinary collaboration with Bachelor of Science in Nursing students to build confidence and skills working within an interdisciplinary team
- Program is regularly offered at Yellowknife North Slave Campus but has been adapted for delivery in smaller communities as required (if required practicum positions are available)

### *Practical Nursing Diploma*

- Provides skills and knowledge required for employment as beginning health-care practitioners
- Curriculum focusses on integrating traditional Indigenous knowledge with evidence-based nursing practice
- Currently offered at Aurora Campus in Inuvik in partnership with Inuvialuit Regional Corporation

### *Social Work Diploma (Year 2 only)*

- 2018-19 was the final year of offering program which prepared graduates to find employment in social services positions in the NWT
- Transfer agreement with University of Regina (Bachelor of Social Work)



## School of Trades, Apprenticeship and Industrial Training

### *Apprenticeships*

- Carpenter (Years 1-4 of 4)
- Electrician (Years 1-3 of 4)
- Heavy Equipment Technician (Years 1-2 of 4)
- Housing Maintainer (Years 1-3 of 3)
- Oil Heat Systems Technician (Year 1 of 1)
- Plumber/Gasfitter B (Years 1-2 of 4)

### *Mine Training*

- Introduction to the Mining Industry • Mineral Processing Operator • Surface Miner • Underground Miner

### *Trades & Industrial Training*

- Building Trades Helper • Camp Cook • Fundamentals of Carpentry
- Fundamentals of Electrical • Heavy Equipment Operator • Observer Communicator

### School of Trades, Apprenticeship and Industrial Training Completions 2018-19

Program	# Deliveries	# Completions	Location
Apprenticeship - Carpenter Yr 1	1	5	Fort Smith
Apprenticeship - Carpenter Yr 2	1	13	Fort Smith
Apprenticeship - Carpenter Yr 3	1	6	Fort Smith
Apprenticeship - Carpenter Yr 4	1	7	Fort Smith
Apprenticeship - Electrician Yr1	1	8	Fort Smith
Apprenticeship - Electrician Yr2	1	9	Fort Smith
Apprenticeship - Electrician Yr3	1	4	Fort Smith
Apprenticeship - HET* Yr 1	1	3	Fort Smith
Apprenticeship - Oil Heat Systems Technician	1	2	Fort Smith
Apprenticeship - Plumber Yr1	1	3	Fort Smith
Apprenticeship - Plumber Yr2	1	8	Fort Smith
Camp Cook	1	6	Fort Smith
Building Trades Helper	2	19	**Fort Smith
Fundamentals of Electrical	1	4	Fort Smith
Heavy Equipment Operator	2	15	Fort Smith
Observer Communicator	4	14	Fort Smith
Small Engines Maintenance	1	5	Fort Smith
Introduction to the Mining Industry	7	35	Various
Surface Miner	2	16	Fort Smith
<b>Totals:</b>	<b>31</b>	<b>182</b>	

\*Heavy Equipment Technician

\*\*Also delivered in Tsiigehtchic

# Aurora Research Institute

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

## Research Licensing

In 2018, a total of 223 research licences were issued – the most of any year to date (figure 1). The 2019 numbers are on par to meet or exceed 2018 totals. Trends in research categories (figure 2) and regions of the NWT (figure 3) are similar to recent years.

### Research by Region 2019

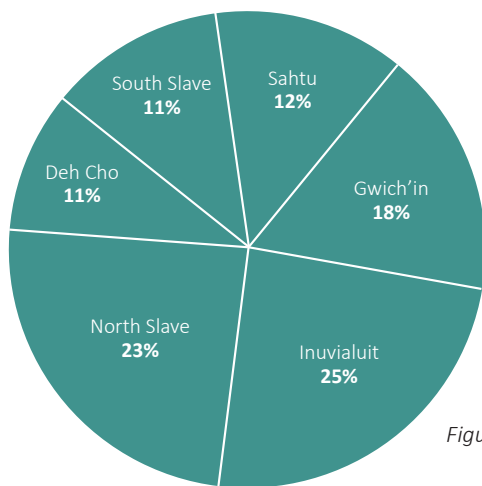


Figure 3

## Research Logistics

ARI facilities supported researchers across the NWT. During the 2018-2019 fiscal year, WARC supported 287 researchers and provided 2,464 days of accommodation, 908 days of short-term facility use, and 1050 days of long-term facility use. WARC remains a partner of the International Network for Terrestrial Research and Monitoring in the Arctic (INTERACT), a circumpolar network of field site leaders who work cooperatively to improve environmental research and monitoring efforts at Arctic field stations.

### Research Categories 2018

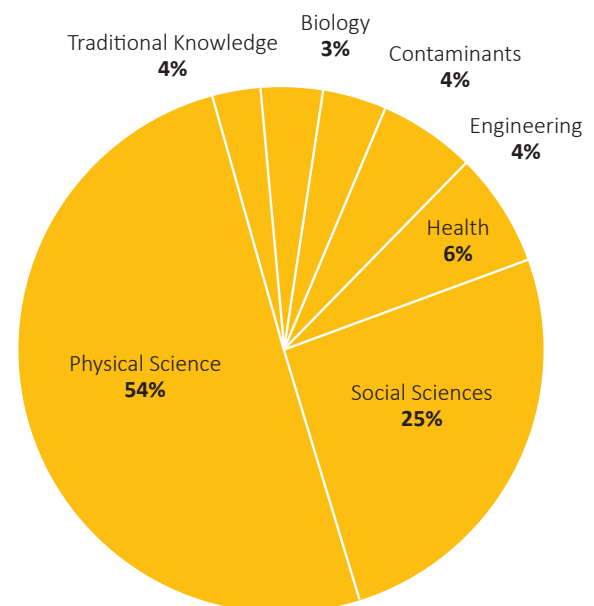


Figure 2

### Licences for 2010 - 2018

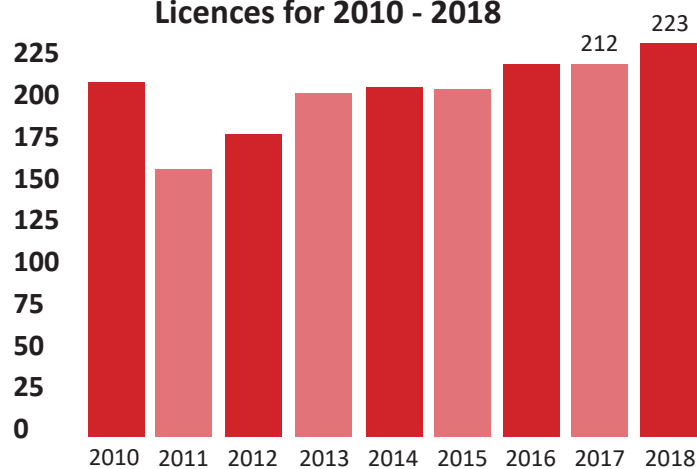


Figure 1



# Student Affairs

## Student Success Coordinators, Student Life and Wellness Coordinators, Student Counsellors

- Tutoring, workshops, seminars, guest speakers, job search assistance, study skills
- Address social, physical, emotional, and spiritual wellness through workshops, seminars, recreational and fun activities and events, cultural activities, family activities, holiday celebrations and meals, community outreach, healthy living events and activities, parenting workshops, and guest speakers on various topics
- One-to-one personal counselling, workshops and presentations, and assistance finding resources

## Admissions and Registration

- Responsible for student admissions, registration, course changes, maintaining student records, and issuing marks, transcripts, certificates, diplomas, and all other recognition documents

## Accommodation/Student Residence

- Housing choices available to students range from single dormitory-style accommodations to small apartments to three and four bedroom apartments or houses

### Full Time Equivalents by Campus

CAMPUS	2018/19	2017/18	2016/17
Aurora	189.51	166.88	183.91
Thebacha	275.42	300.73	310.65
Yellowknife	274.30	315.28	285.15
<b>TOTALS</b>	<b>739.2</b>	<b>782.9</b>	<b>779.7</b>

### Full Time Equivalents by Division

DIVISION	2018/19	2017/18	2016/17
Continuing Education	79.00	56.35	54.75
Developmental Studies	287.30	332.84	342.85
Arts & Science	23.50	41.96	49.07
Business & Leadership	90.25	74.58	61.67
Education	56.36	42.70	64
Health & Human Services	124.72	160.06	148.24
Trades, Apprenticeship & Industrial Training	78.10	74.39	59.12
<b>TOTALS</b>	<b>739.2</b>	<b>782.9</b>	<b>779.7</b>

### Head Count by Campus

CAMPUS	18-19		17-18		16-17	
	FT	PT	FT	PT	FT	PT
Aurora	124	450	107	410	105	483
Thebacha	161	669	217	610	164	765
Yellowknife	201	404	203	442	174	488
<b>TOTALS</b>	<b>486</b>	<b>1523</b>	<b>527</b>	<b>1462</b>	<b>443</b>	<b>1736</b>

FT - FULL-TIME    PT - PART TIME



# Convocation 2019

**Congratulations to graduates of our certificate, diploma, and degree programs!**

## **School of Arts & Science**

Environment & Natural Resources Technology Diploma - 6

## **School of Business & Leadership**

Office Administration Certificate - 17

Office Administration Diploma - 9

Business Administration Certificate - 18

Business Administration Diploma - 17

## **School of Education**

Early Childhood Development Certificate - 3

Early Learning & Child Care Certificate - 4

Bachelor of Education - 4

## **School of Health & Human Services**

Personal Support Worker Certificate - 11

Social Work Diploma - 4

Bachelor of Science in Nursing - 12

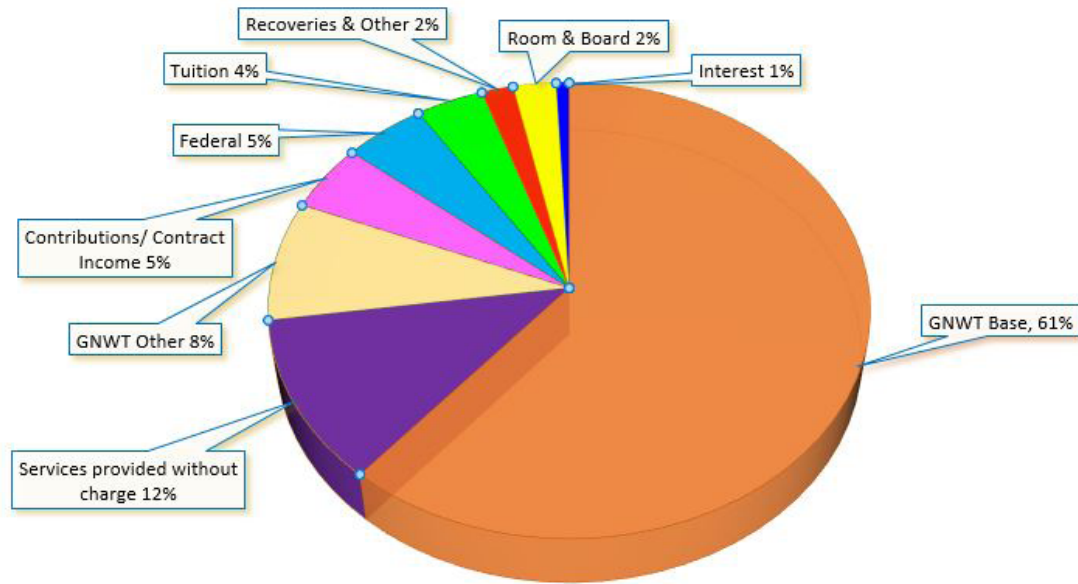
Post-Graduate Certificate in Remote Nursing - 7



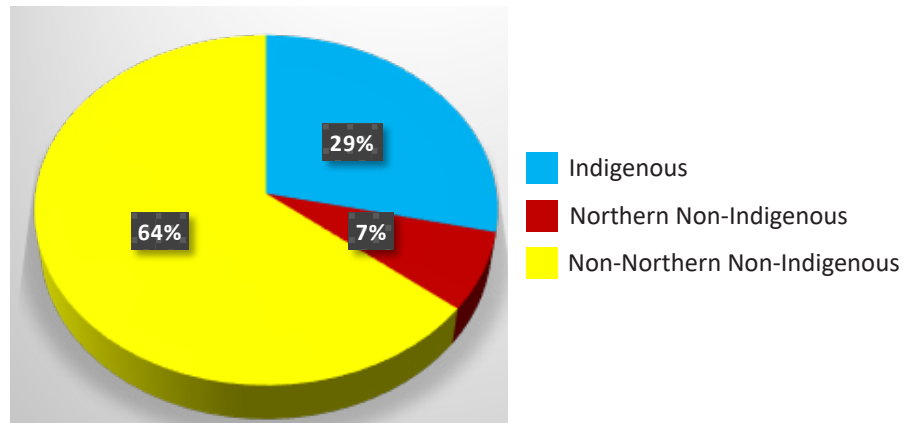




# Supplementary Information

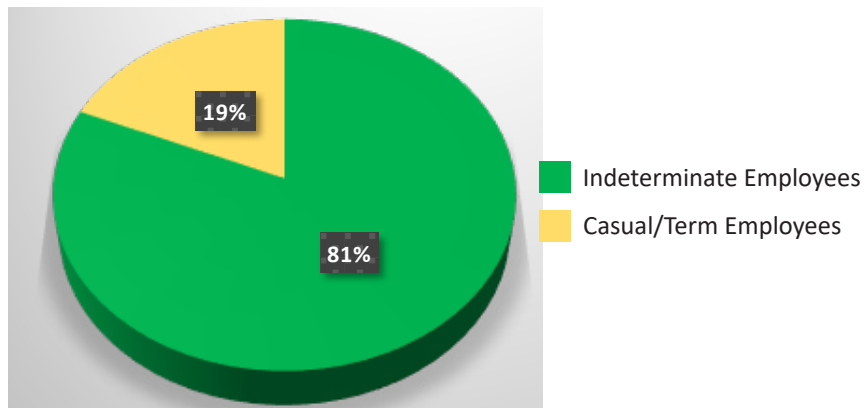


**2018-19 Revenue by Source**



**Employees by Priority Status\***

\*As of January 31, 2019  
(Source: Corporate Human Resources)



**Employees by Type\***



## Appendix A

### Write-offs

A total of \$24, 238.96 was approved to be written off in 2018-2019. This figure includes seven-year write-offs, write-offs of debts less than \$30.00, credits less than \$10.00 and write-offs for customers who filed for bankruptcy.

Name	Date	Amount
<b>Under \$30.00 Write Off</b>		
ANSDELL, SHANTA LYNN MARIE	1/10/2019	0.01
BAXTER, REBECCA JEAN	6/13/2019	0.01
BONNETROUGE, GARRETT	12/7/2018	4.63
BOUCHER, SHYLA	2/5/2019	20.00
BOURQUE, BRADLEY	2/24/2017	18.92
CASAWAY, SWEETGRASS	1/24/2017	1.58
CAZON, SHANNON	12/1/2017	9.78
CIMON, PHILLIP	6/3/2019	9.28
CLEMENT, DANIEL	5/1/2019	12.34
DANIELS, CHELSEY ALEXANDRA	6/17/2019	0.50
DANIELS, DENE JEREMIE	6/3/2019	9.28
DESCHENE, BONNIE	3/4/2019	0.90
DRYBONES, ELIZABETH	5/27/2019	6.00
EKPAKOHAK, EPIKGHOUT	3/27/2013	16.68
GARGAN, WILMA	12/14/2012	5.20
JALIL AGA, RANA	1/10/2019	0.01
JOHNSEN, SANDRA	6/1/2017	24.00
KORIE, ZITA	1/10/2019	0.01
KOTCHILEA, TOBY J	11/30/2015	1.00
LANDRY, WILLIAM	4/5/2018	20.69
MACDONALD, NADINE M	7/13/2018	0.33
MARIE-JEWELL, JEANNIE	10/31/2017	13.73
MARIE-JEWELL, JEANNIE	9/28/2017	17.41
MARIE-JEWELL, JEANNIE	6/30/2017	18.20
MCKAY, JOANNA	5/23/2019	5.25
NADLI, ROLAND	11/5/2018	14.90
OQALLAK, JONAH	4/29/2016	5.40
PIERROT, MARY T.	1/10/2019	27.30
RABESCA, JOHN PAUL JR	12/7/2018	3.98
RAYMOND, JODIE	9/9/2013	18.48
RUBEN, CRAIG	6/3/2019	0.01
SYDNEY, MORGAN	2/2/2018	18.66
THRASHER, TIFFANY	11/13/2015	20.00
TSETSO-HORASSI, DARLENE	8/23/2017	15.83
WEDAWIN, LARRY JAMES	2/25/2015	25.00
WEYALLON, RACHENDA	12/7/2018	4.63
WEYALLON, RACHENDA	12/20/2018	24.66
<b>Total Under \$30.00 Write off</b>		<b>394.59</b>



<b>Name</b>	<b>Date</b>	<b>Amount</b>
<b>7 Year Write Off</b>		
BENWELL, MELISSA	4/18/2012	180.00
BENWELL, MELISSA	1/18/2012	1,148.50
BOURKE, BRANDY	12/21/2011	415.00
BOURKE, BRANDY	11/18/2011	697.50
CAMPBELL, BRENITTA	6/27/2012	15.50
CAMPBELL, BRENITTA	1/18/2012	1,394.50
CAZON, MICHAEL	9/15/2011	1,240.00
COLD MOUNTAIN COMPUTING	5/23/2012	1,125.00
ELANIK, FLORENCE	3/27/2012	465.00
ELANIK, FLORENCE	2/27/2012	465.00
ELANIK, FLORENCE	2/1/2012	280.00
FENTON, JONATHON	12/7/2011	406.79
GARCIA, LUVELYN	4/4/2012	50.00
GARCIA, LUVELYN	11/30/2011	50.00
GUILD, TRAVIS	3/28/2012	50.00
GUILD, TRAVIS	3/16/2012	95.00
HEINRICHS, PHYLLIS	7/28/2011	60.00
KOE, BOBBIE ROSE	11/21/2011	38.46
KOE, BOBBIE ROSE	10/31/2011	465.00
LANDRIE, GABRIELLE SKY	5/14/2012	500.00
LANDRIE, GABRIELLE SKY	5/14/2012	420.00
LANDRIE, GABRIELLE SKY	3/20/2012	100.00
LANDRIE, GABRIELLE SKY	1/24/2012	514.50
LANDRIE, GABRIELLE SKY	1/18/2012	202.81
MARK'S WORK WEARHOUSE	3/28/2012	36.99
OLYNYK, BRAD	5/2/2012	1,021.25
OLYNYK, BRAD	1/31/2012	512.73
POKIAK, JESSICA	10/6/2011	46.25
POKIAK, JESSICA	7/29/2011	40.00
THOMAS, JENNIFER	9/21/2011	34.47
THRASHER, LLOYD	1/26/2012	290.37
TYESON'S CATERING AND CONSULTING	1/26/2012	260.00
VERMILLION, JOHN	11/24/2011	298.00
VOUDRACH, TRISH	11/21/2011	351.00
VOUDRACH, TRISH	10/6/2011	40.43
<b>Total Over 7 Years</b>		<b>13,310.05</b>

<b>Name</b>	<b>Date</b>	<b>Amount</b>
<b>Under \$10.00 Credit Write Offs</b>		
BALLAS-KUZMAN, RYAN	9/10/2018	-0.01
BEAULIEU, FELICIA	8/20/2018	-0.98
BEAUMONT, HOWARD JAMES	2/18/2019	-0.55
BERTRAND, MEGAN M	5/1/2019	-10.00
BLACK, KRYSTAL	3/18/2019	-6.82
CHARLIE, ADELINE	9/26/2018	-8.36
CLEVELAND, CHRISTIAN JAMES	9/14/2018	-0.01
COTE, MATTHEW	6/25/2018	-0.34
GEOLOGICAL SURVEY OF CANADA, NRCAN	8/28/2018	-1.90
GNWT – DEPT LANDS SAHTU REGION	2/15/2019	-1.10
GUEVARRA, ALFREDO	9/10/2018	-0.01
KING, MONTANA	5/18/2018	-0.09
LAFFERTY, JAYDE	9/10/2018	-0.07
LEMIEUX, LUCAS	9/10/2018	-0.01
MARTEL, TYLER	9/10/2018	-0.01
NEYANDO, CHARLES	11/7/2018	-0.02
RUBEN, MADISON	12/20/2018	-5.72
SHECAPIO, DERLAND	10/1/2018	-8.36
SNOWSHOE, PETER	11/7/2018	-0.02
TUTCHO, CARLA	5/18/2018	-0.34
WEAVER, VINCENT ALFRED	8/3/2018	-4.29
<b>Total Under \$10.00 Credits</b>		<b>-49.01</b>
<b>Total Write-offs 2018-2019</b>		<b>\$13,655.63</b>

## 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 his report thereon to the Minister of Education, Culture and Employment.



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Tom Weegar  
President



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Eric LaRochelle  
Director of Finance/Chief Financial Officer

Fort Smith, Canada  
November 21, 2019



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 2019, 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 2019, 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.



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

Vancouver, Canada  
21 November 2019

**AURORA COLLEGE**  
**STATEMENT OF FINANCIAL POSITION**  
**as at June 30, 2019**  
(in thousands of dollars)

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Financial assets</b>		
Cash	\$ 19,061	\$ 16,040
Accounts receivable (Note 3)	<u>2,528</u>	<u>2,274</u>
	<u><b>21,589</b></u>	<u><b>18,314</b></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,883	1,415
Payroll liabilities	2,114	2,274
Deferred revenue	1,996	989
Due to the Government of the Northwest Territories (Note 9)	3,106	1,862
Employee future benefits (Note 4)	1,602	1,587
Professional development fund (Note 5)	<u>2,209</u>	<u>2,072</u>
	<u><b>12,910</b></u>	<u><b>10,199</b></u>
<b>Net financial assets</b>	<u><b>8,679</b></u>	<u><b>8,115</b></u>
<b>Non-financial assets</b>		
Prepaid expenses	380	330
Tangible capital assets (Note 6)	<u>6,232</u>	<u>5,043</u>
	<u><b>6,612</b></u>	<u><b>5,373</b></u>
<b>Accumulated surplus</b> (Note 7)	<u><b>\$ 15,291</b></u>	<u><b>\$ 13,488</b></u>

Commitments 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



\_\_\_\_\_  
Tom Weegar  
President



**AURORA COLLEGE**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**for the year ended June 30, 2019**  
(in thousands of dollars)

	<b>2019</b>		<b>2018</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Government contributions (Note 8)	\$30,709	\$31,618	\$31,180
Project income			
Government of the Northwest Territories	3,844	4,373	4,481
Other third party contributions	2,779	2,479	3,126
Government of Canada	2,689	2,491	2,596
Own source revenues			
Tuition fees	1,345	2,070	2,062
Recoveries and other	411	972	938
Room and board	1,162	1,306	1,060
Interest income	95	397	247
Services provided without charge (Note 10)	5,214	5,992	5,907
	<u>48,248</u>	<u>51,698</u>	<u>51,597</u>
<b>Expenses</b>			
Financial and accounting services	1,972	1,938	1,738
Pooled services	2,818	6,130	5,641
Student services	10,244	10,914	10,146
Education and training	20,264	17,508	17,962
Community and extensions	10,860	9,880	10,396
Aurora Research Institute	3,076	3,525	3,104
	<u>49,234</u>	<u>49,895</u>	<u>48,987</u>
<b>Annual surplus (deficit)</b>	<b>(986)</b>	<b>1,803</b>	<b>2,610</b>
<b>Accumulated surplus at beginning of year</b>	<u>13,488</u>	<u>13,488</u>	<u>10,878</u>
<b>Accumulated surplus at end of year</b>	<u><b>\$12,502</b></u>	<u><b>\$15,291</b></u>	<u><b>\$13,488</b></u>

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, 2019**  
(in thousands of dollars)

	<b>2019</b>		<b>2018</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Annual surplus (deficit)</b>	\$ (986)	\$ 1,803	\$ 2,610
Acquisition of tangible capital assets	(300)	(2,172)	(1,360)
Amortization of tangible capital assets	450	983	862
	<u>150</u>	<u>(1,189)</u>	<u>(498)</u>
Increase (decrease) in prepaid expenses	<u>-</u>	<u>(50)</u>	<u>236</u>
<b>Increase in net financial assets</b>	(836)	564	2,348
<b>Net financial assets at beginning of year</b>	<u>8,115</u>	<u>8,115</u>	<u>5,767</u>
<b>Net financial assets at end of year</b>	<u><b>\$ 7,279</b></u>	<u><b>\$ 8,679</b></u>	<u><b>\$ 8,115</b></u>

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, 2019**  
(in thousands of dollars)

	<b>2019</b>	<b>2018</b>
<b>Operating transactions</b>		
Cash received from:		
Government of the Northwest Territories	\$35,751	\$ 34,533
Students and other third parties	6,942	7,081
Government of Canada	3,369	3,015
Interest	397	220
Cash paid for/to:		
Compensation and benefits	(27,973)	(28,488)
Suppliers	(13,293)	(12,809)
<b>Cash provided by operating transactions</b>	<b>5,193</b>	<b>3,552</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,172)	(1,088)
<b>Cash used for capital transactions</b>	<b>(2,172)</b>	<b>(1,088)</b>
<b>Increase in cash</b>	<b>3,021</b>	<b>2,464</b>
<b>Cash at beginning of year</b>	<b>16,040</b>	<b>13,576</b>
<b>Cash at end of year</b>	<b>\$19,061</b>	<b>\$ 16,040</b>

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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**a) Measurement uncertainty (continued)**

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.

**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)

**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.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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

**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 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 of the Northwest Territories, as the College has a different fiscal year. These contributions are recognized as revenue in the period in which the funding relates once all eligibility criteria have been met and it has been authorized.

**f) 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.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**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.

**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**

Prepaid expenses are charged to expense over the year the 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.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**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 of the Northwest Territories and professional development fund which are all measured at cost.

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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**n) Related party transactions (continued)**

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 provided without charge revenues in order to reflect the cost of the College's operations in its financial statements.

**3. ACCOUNTS RECEIVABLE**

	<b>2019</b>		<b>2018</b>	
(in thousands)				
<b>Accounts</b>				
<b><u>Receivable</u> <u>Allowance</u></b>	<b><u>Net</u></b>		<b><u>Net</u></b>	
Government of the Northwest Territories	\$ 1,328	\$ 10	\$ 1,318	\$ 1,049
Government of Canada	453	4	449	392
Other	804	84	720	797
Students	147	106	41	36
	<b>\$ 2,732</b>	<b>\$ 204</b>	<b>\$ 2,528</b>	<b>\$ 2,274</b>

**4. EMPLOYEE FUTURE BENEFITS**

**a) Pension benefits**

The College and all eligible employees contribute to the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2018 - \$1.01) for every dollar contributed by the employee, and \$3.79 (2018 - \$3.20) for every dollar contributed by the employee for the portion of the employee's salary above \$169,000 (2018 - \$165,000).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes \$1.00 (2018 - \$1.00) for every dollar contributed by the employee, and \$3.79 (2018 - \$3.20) for every dollar contributed by the employee for the portion of the employee's salary above \$169,000 (2018 - \$165,000).



**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**a) Pension benefits (continued)**

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

	<u>2019</u>	<u>2018</u>
	(in thousands)	
College's contributions	\$ 2,099	\$ 2,040
Employees' contributions	<u>2,088</u>	<u>2,025</u>
	<u>\$ 4,187</u>	<u>\$ 4,065</u>

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

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

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

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

Valuation results

The actuarial valuation was completed as at June 30, 2019. The effective date of the next actuarial valuation is June 30, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the College.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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

	<b><u>Severance and Removal</u></b>	<b><u>Compensated Absences</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
			(in thousands)	
<b>Changes in Obligation</b>				
Accrued benefit liability, beginning of year	\$1,046	\$413	\$1,459	\$1,764
Current period benefit cost	60	42	102	104
Interest accrued	38	16	54	55
Benefits payments	(89)	(29)	(118)	(480)
Actuarial (gains)/losses	78	(61)	17	17
Accrued benefit liability, end of year	1,133	381	1,514	1,460
Unamortized net actuarial (gain)/loss	116	(28)	88	127
<b>Accrued benefit obligation</b>	<b>\$1,249</b>	<b>\$353</b>	<b>\$1,602</b>	<b>\$1,587</b>

	<b><u>Severance and Removal</u></b>	<b><u>Compensated Absences</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
			(in thousands)	
<b>Benefits Expense</b>				
Current period benefit cost	\$60	\$42	\$102	\$104
Interest accrued	38	16	54	55
Amortization of net actuarial gain (loss)	(34)	12	(22)	(23)
<b>Total</b>	<b>\$64</b>	<b>\$70</b>	<b>\$134</b>	<b>\$136</b>

**Assumptions**

	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>
Discount rate	3.2% per annum	3.8% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate (removal benefits)	Nil	Nil

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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

The expected payments during the next five fiscal years are:

	<b><u>Severance and Removal</u></b>	<b><u>Compensated Absences</u></b>	<b><u>Total</u></b>
		(in thousands)	
2020	\$143	\$45	\$188
2021	122	38	160
2022	110	37	147
2023	110	40	150
2024	92	39	131
<b>Total</b>	<b>\$577</b>	<b>\$199</b>	<b>\$776</b>

**5. PROFESSIONAL DEVELOPMENT FUND**

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

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

	<b><u>2019</u></b>	<b><u>2018</u></b>
	(in thousands)	
Professional development fund, beginning of year	\$ 2,072	\$ 1,977
Contributions	395	425
Professional development paid during the year	<u>(258)</u>	<u>(330)</u>
Professional development fund, end of year	<b><u>\$ 2,209</u></b>	<b><u>\$ 2,072</u></b>

Aurora College  
Notes to the Financial Statements  
June 30, 2019

**6. TANGIBLE CAPITAL ASSETS**

June 30, 2019 (in thousands)	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2019 Total	2018 Total
<b>Cost</b>						
Opening balance	\$ 5,648	\$ 1,991	\$ 6,841	\$ 2,295	\$16,775	\$15,582
Additions	316	-	1,815	41	2,172	1,360
Disposals	(38)	-	(486)	(328)	(852)	(167)
Closing balance	5,926	1,991	8,170	2,008	18,095	16,775
<b>Accumulated amortization</b>						
Opening balance	3,171	1,991	4,939	1,631	11,732	11,037
Amortization	306	-	546	131	983	862
Disposals	(38)	-	(486)	(328)	(852)	(167)
Closing balance	3,439	1,991	4,999	1,434	11,863	11,732
<b>Net book value</b>	<b>\$ 2,487</b>	<b>\$ 0</b>	<b>\$ 3,171</b>	<b>\$ 574</b>	<b>\$ 6,232</b>	<b>\$ 5,043</b>

\$57,000 (2018 - \$0) of Mobile equipment additions and \$41,000 (2018 - \$0) of Leasehold improvements additions are not being amortized as these projects are in progress at June 30, 2019.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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, 2018	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2019
a) Northern strategic research reserve	612	-	13	-	625
b) Program delivery	300	-	-	-	300
c) Research & development	177	-	4	-	181
d) Restricted donations	35	-	-	-	35
<b>Total reserves</b>	<b>1,124</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>1,141</b>
<b>Operating surplus (deficit)</b>	<b>12,364</b>	<b>1,803</b>	<b>(17)</b>	<b>-</b>	<b>14,150</b>
<b>Total accumulated surplus</b>	<b>\$ 13,488</b>	<b>\$ 1,803</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,291</b>

**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

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**7. ACCUMULATED SURPLUS (continued)**

**b) Program delivery (continued)**

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.

**8. GOVERNMENT CONTRIBUTIONS**

	<u>2019</u>	<u>2018</u>
	(in thousands)	
Operating contributions	\$31,318	\$ 30,795
Capital contributions	<u>300</u>	<u>385</u>
	<u>\$31,618</u>	<u>\$31,180</u>

**9. RELATED PARTIES**

The College has Government receivables from tuition revenue, contract revenue and the base funding contribution. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits, payroll, and other expenses. The transactions giving rise to these balances are recorded at the exchange amount.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**9. RELATED PARTIES (continued)**

	<u>2019</u>	<u>2018</u>
	(in thousands)	
Due from the Government of the Northwest Territories (Note 3) \$	1,318	\$ 1,049
Due to the Government of the Northwest Territories		
Liability for payroll services provided	\$ 2,995	\$ 1,754
Other & Repayable program advances	<u>\$ 111</u>	<u>\$ 108</u>
Total amount due to GNWT	<u>\$ 3,106</u>	<u>\$ 1,862</u>

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

**Expenses**

The employees of the College are paid by the Government of the Northwest Territories. The College reimbursed the Government for payroll expenses paid (Schedule A) of \$29,285,000 during 2019 (2018 - \$28,625,000) which are recorded at the exchange amount.

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$801,000 (2018 – \$1,110,000) for facility operating and utility costs, employee benefits and other expenses, which are recorded at the exchange amounts in these statements.

**10. SERVICES PROVIDED WITHOUT CHARGE**

During the year, the College received without charge from the Government services including utilities \$2,352,000 (2018 – \$2,305,000) and repairs and maintenance \$1,493,000 (2018 – \$ 1,556,000), which are based on the carrying amount confirmed by the Government.

Payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services were also provided to the College without charge. These services would have cost the College an estimated \$172,000 (2018 – \$ 163,000) based on the carrying amount confirmed by the related parties.

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centers. The use of these facilities would have cost the College an estimated \$1,975,000 (2018 – \$ 1,883,000) based on the Government’s amortization expense for these assets, which is the carrying amount.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period cannot be quantified because in 2017 the government ceased tracking each individual medical travel assistance claim by type of originating department, and could not reasonably measure the dollar value of all services provided by the Financial and Employee Shared Services.

	<b><u>2019</u></b>	<b><u>2018</u></b>
	(in thousands)	
Contract services	\$ 172	\$ 163
Repairs and maintenance	1,493	1,556
Building utilities	2,352	2,305
Building leases	<u>1,975</u>	<u>1,883</u>
	<b><u>\$ 5,992</u></b>	<b><u>\$ 5,907</u></b>

**11. COMMITMENTS**

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

	<b><u>Service</u></b>	<b><u>Operating</u></b>
	<b><u>agreements</u></b>	<b><u>leases</u></b>
	(in thousands)	
2020	\$ 293	\$ 3,647
2021	97	2,564
2022	24	2,352
2023	6	392
Thereafter	-	-
	<b><u>\$ 420</u></b>	<b><u>\$ 8,955</u></b>

**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, 2019:



**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**12. CONTRACTUAL RIGHTS (continued)**

Program / Project	End Date	2019- 2020	2020- 2023	Total
(in thousands)				
Various mine training programs	03/31/2020	\$ 657	-	\$ 657
Observer/communicator training program	03/31/2020	517	-	517
Language integration services	03/31/2020	229	-	229
Equity, diversity and inclusion institutional capacity building	03/31/2020	193	-	193
Online digital hazard mapping of landslides	03/31/2020	15	-	15
Geomapping for energy and minerals program	03/31/2020	72	-	72
Coastal restoration program	03/31/2022	95	196	291
Awareness and learning in space science	03/31/2022	100	-	100
Remote sensing projects in the Western Arctic	06/30/2021	50	25	75
Canadian northern adult basic education project	03/31/2020	1,499	-	1,499
Arts, craft & technology micro-manufacturing facility	03/31/2020	27	-	27
Air quality monitoring station in Inuvik	03/31/2023	25	69	94
Aboriginal language revitalization project	03/31/2020	384	-	384
NWT environmental stewardship program	03/31/2020	183	-	183
Practical nurse program	06/30/2020	413	-	413
Healthy campuses build student success	07/31/2021	5	-	5
Applied permafrost information hub equipment	03/31/2021	297	18	315
Western Arctic ethnobotanical garden	09/01/2019	49	-	49
Monitoring climate effects project	06/23/2020	150	-	150
PromoScience program for northern youths	06/30/2020	175	175	350
Community health representative	03/31/2020	31	-	31
Polar knowledge Canada	03/31/2020	10	-	10
INAC cardboard pellet implementation	03/31/2020	10	-	10
Canadian mountain network program	03/31/2020	108	-	108
Arts, craft & technology micro-manufacturing centre	06/30/2023	350	1,225	1,575
		<b>\$5,644</b>	<b>\$1,708</b>	<b>\$7,352</b>

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**13. FINANCIAL RISK MANAGEMENT**

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories 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**

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

**b) Credit risk**

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

**Cash**

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is \$19,061,000 (2018 - \$16,040,000)

**Accounts receivable**

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at 30 June 2019, the College's debtors are the Government of the Northwest Territories, 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 \$2,528,000 (2018 - \$2,274,000).

At June 30, 2019 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days \$13,000; 61-90 days \$7,000; and over 90 days \$115,000.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**b) Credit risk (continued)**

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

	91-365 days	1 to 2 years	over 2 years
Government of the Northwest Territories	\$277,000	\$8,000	\$4,000
Other third parties	\$231,000	\$94,000	\$19,000
Federal Government	\$194,000	Nil	Nil

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) Market risk**

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

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

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

**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 of the Northwest Territories, and professional development fund approximate their carrying amounts because of the short term to maturity.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**15. SEGMENT DISCLOSURE**

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

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

**Finance and accounting**

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

**Pooled services**

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

**Student services**

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

**Education and training**

Education and training includes the Vice-President Education and Training, School of Trades, School of Education, School of Business and Leadership, School of Health and Human Services, School of Arts and Science, information systems and technology, and the library.

**Aurora College**  
**Notes to the Financial Statements**  
**June 30, 2019**

**15. SEGMENT 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, 2019**

Schedule A

For the period ended June 30, 2019 (in thousands)	Financial and accounting	Pooled services **	Student services	Education and training	Community and extensions	Aurora Research Institute	2019 Total	2019 Budget	2018 Total
<b>Revenues</b>									
Government Contributions	\$ 1,922	\$ 2,818	\$ 8,511	\$10,462	\$ 5,930	\$ 1,975	\$ 31,618	\$ 30,709	\$ 31,180
Project income									
Government of the Northwest Territories	-	2	137	2,020	1,872	342	4,373	3,844	4,481
Other third party contributions	81	-	34	1,734	310	320	2,479	2,779	3,126
Federal government	-	-	-	65	1,627	799	2,491	2,689	2,596
Own Source Revenue									
Tuition fees	-	-	-	1,285	785	-	2,070	1,345	2,062
Recoveries and other	49	287	343	116	33	144	972	411	938
Room and board	-	-	1,201	-	-	105	1,306	1,162	1,060
Interest income	397	-	-	-	-	-	397	95	247
Services Provided without Charge	-	1,665	-	4,327	-	-	5,992	5,214	5,907
	<u>2,449</u>	<u>4,772</u>	<u>10,226</u>	<u>20,009</u>	<u>10,557</u>	<u>3,685</u>	<u>51,698</u>	<u>48,248</u>	<u>51,597</u>
<b>Expenses</b>									
Compensation and benefits	1,684	2,295	4,697	10,264	7,782	2,563	29,285	29,852	28,625
Building leases	-	6	5,031	1,979	34	-	7,050	6,698	6,780
Materials and supplies	10	431	256	846	352	117	2,012	1,948	1,622
Utilities	-	-	125	2,393	5	13	2,536	2,096	2,482
Contract services	23	210	219	335	759	385	1,931	2,410	1,344
Repairs and maintenance	10	1,494	234	325	46	12	2,121	1,621	2,194
Small equipment	5	7	49	128	40	42	271	845	537
Fees and payments	99	466	54	319	66	85	1,089	1,186	1,094
Travel and accommodation	41	117	64	370	212	192	996	1,323	954
Professional services	-	-	1	253	414	2	670	92	1,657
Amortization of tangible capital assets	-	983	-	-	-	-	983	450	862
Communication, postage and freight	66	121	184	296	170	114	951	713	836
	<u>1,938</u>	<u>6,130</u>	<u>10,914</u>	<u>17,508</u>	<u>9,880</u>	<u>3,525</u>	<u>49,895</u>	<u>49,234</u>	<u>48,987</u>
<b>Annual surplus (deficit)</b>	<u>\$ 511</u>	<u>\$(1,358)</u>	<u>\$ (688)</u>	<u>\$ 2,501</u>	<u>\$ 677</u>	<u>\$ 160</u>	<u>\$ 1,803</u>	<u>\$ (986)</u>	<u>\$ 2,610</u>

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

**ARCTIC ENERGY ALLIANCE**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the year ended March 31, 2020

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### MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

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



Mark Heyck  
Executive Director

June 23, 2020

## 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, 2020, 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, 2020, and its results of 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.

### *Emphasis of Matter*

Without modifying our opinion, we draw attention to note 14 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

### *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 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate 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.



## INDEPENDENT AUDITOR'S REPORT, continued

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 23, 2020



# ARCTIC ENERGY ALLIANCE

## STATEMENT OF FINANCIAL POSITION

March 31, 2020

### ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT</b>		
Cash	\$ 393,022	\$ 223,474
Short term investments (note 3)	734,903	1,446,659
Accounts receivable (note 4)	664,456	621,495
GST receivable (note 6)	<u>50,811</u>	<u>30,160</u>
	1,843,192	2,321,788
<b>TANGIBLE CAPITAL ASSETS (note 5)</b>	<u>33,850</u>	<u>27,430</u>
	<u>\$ 1,877,042</u>	<u>\$ 2,349,218</u>

### LIABILITIES

<b>CURRENT</b>		
Wages and benefits payable	\$ 30,660	\$ 83,667
Government remittances payable (note 6)	76,217	28,865
Trade payables and accruals (note 7)	218,453	187,902
Contributions payable	65,523	1,052,623
Deferred revenue (note 8)	<u>172,670</u>	<u>-</u>
	563,523	1,353,057
<b>DEFERRED GOVERNMENT ASSISTANCE (note 10)</b>	<u>19,223</u>	<u>11,032</u>
	<u>582,746</u>	<u>1,364,089</u>

### NET ASSETS

<b>ACCUMULATED SURPLUS per page 3</b>	402,629	99,448
<b>RESERVES per page 3</b>	885,040	877,283
<b>INVESTED IN TANGIBLE CAPITAL ASSETS per page 3</b>	<u>6,627</u>	<u>8,398</u>
	<u>1,294,296</u>	<u>985,129</u>
	<u>\$ 1,877,042</u>	<u>\$ 2,349,218</u>

Approved:

Robert Gerten Director

Frank Haysck Director

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF OPERATIONS

For the year ended March 31, 2020

	(note 16) 2020 <u>Budget</u>	2020 <u>Actual</u>	2019 <u>Actual</u>
<b>REVENUES</b>			
Contributions from GNWT	\$ 5,622,112	\$ 4,979,981	\$ 3,312,050
Membership fees (note 12)	217,500	217,500	227,500
Other source income	72,600	97,556	110,806
Interest income	20,000	51,984	26,769
Contributions from Canada	<u>-</u>	<u>-</u>	<u>123,400</u>
	<u>5,932,212</u>	<u>5,347,021</u>	<u>3,800,525</u>
<b>EXPENSES</b>			
Advertising and promotion	120,450	72,720	73,744
Amortization	3,978	8,434	11,287
Consulting fees	121,820	116,915	216,577
Equipment rental	5,280	3,279	3,279
Facility rental and tradeshow fees	24,100	9,341	9,496
Fees and dues	23,420	10,434	6,435
Hospitality	29,150	13,758	9,159
Insurance	13,000	13,043	12,746
Interest and bank charges	5,500	4,814	4,371
Office and general	68,870	71,965	60,125
Professional development	56,615	22,613	24,722
Professional fees	20,000	31,082	18,291
Project materials	-	-	95,065
Rebates	2,412,515	1,915,582	765,386
Rent and utilities	178,450	174,656	162,292
Telephone, Internet and Website	39,300	42,774	39,213
Travel and accommodation	268,350	220,949	171,879
Wages and benefits	<u>2,376,232</u>	<u>2,305,495</u>	<u>2,027,634</u>
	<u>5,767,030</u>	<u>5,037,854</u>	<u>3,711,701</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 165,182</u>	<u>\$ 309,167</u>	<u>\$ 88,824</u>

# ARCTIC ENERGY ALLIANCE

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2020

	2020			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
<b>BALANCE, opening</b>	\$ 99,448	\$ 877,283	\$ 8,398	\$ 985,129
Excess of revenues over expenses	309,167	-	-	309,167
Transfer to reserves (note 19)	(7,757)	7,757	-	-
Purchase of tangible capital assets	(14,854)	-	14,854	-
Amortization of tangible capital assets	6,268	-	(6,268)	-
Write-off of tangible capital assets	2,166	-	(2,166)	-
Write-off of deferred government assistance	(1,500)	-	1,500	-
Deferred government assistance additions	14,853	-	(14,853)	-
Amortization of deferred government assistance	(5,162)	-	5,162	-
<b>BALANCE, closing</b>	<b>\$ 402,629</b>	<b>\$ 885,040</b>	<b>\$ 6,627</b>	<b>\$ 1,294,296</b>
	2019			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
<b>BALANCE, opening</b>	\$ 38,992	\$ 841,335	\$ 15,978	\$ 896,305
Excess of revenues over expenses	88,824	-	-	88,824
Transfer to reserves (note 19)	(35,948)	35,948	-	-
Amortization of tangible capital assets	11,286	-	(11,286)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
<b>BALANCE, closing</b>	<b>\$ 99,448</b>	<b>\$ 877,283</b>	<b>\$ 8,398</b>	<b>\$ 985,129</b>

See accompanying notes



# ARCTIC ENERGY ALLIANCE

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (note 20)</b>		
<b>Cash received from:</b>		
GNWT contributions	\$ 5,025,804	\$ 4,310,000
Membership fees	167,500	227,500
Other source income	141,121	103,956
Canada contributions	105,175	133,477
Interest income	<u>47,412</u>	<u>31,913</u>
	<u>5,487,012</u>	<u>4,806,846</u>
<b>Cash paid for:</b>		
Wages and benefits	2,311,152	2,023,008
Materials and services	2,763,162	1,765,529
Contributions repaid	<u>987,100</u>	<u>-</u>
	<u>6,061,414</u>	<u>3,788,537</u>
	<u>(574,402)</u>	<u>1,018,309</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(14,854)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of short term investments	4,758,804	2,330,455
Purchase of short term investments	<u>(4,000,000)</u>	<u>(3,350,000)</u>
	<u>758,804</u>	<u>(1,019,545)</u>
<b>INCREASE (DECREASE) IN CASH</b>	169,548	(1,236)
<b>CASH, opening</b>	<u>223,474</u>	<u>224,710</u>
<b>CASH, closing</b>	<u>\$ 393,022</u>	<u>\$ 223,474</u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 1. NATURE OF OPERATIONS

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Cash equivalents

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

#### (b) Financial instruments

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

#### (c) Tangible capital assets

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

Computer equipment	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 \$5,000 or more to be tangible capital assets.



# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) Measurement uncertainty

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

Significant estimates include the determination of the useful lives of tangible capital assets, credit losses, and asset retirement obligations, the allocation of administrative expenses to programs, and the allocation of certain wages and benefits expenses to programs.

### 3. SHORT TERM INVESTMENTS

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

	<u>2020</u>	<u>2019</u>
2.45% interest, non-redeemable, matured December 5, 2019	\$ -	\$ 90,000
1.49% interest, cashable, matured December 14, 2019	-	1,350,000
2.10% interest, redeemable, matures June 15, 2020	633,673	-
2.08% interest, matures March 9, 2021	90,000	-
Accrued interest	<u>11,230</u>	<u>6,659</u>
	<u>\$ 734,903</u>	<u>\$ 1,446,659</u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 4. ACCOUNTS RECEIVABLE

	2020	2019
Contributions receivable:		
Government of the Northwest Territories	\$ 291,701	\$ 283,329
Government of Canada	-	105,175
	291,701	388,504
Total contributions receivable	291,701	388,504
Members	175,000	125,000
Other	197,755	122,303
Allowance for doubtful accounts	-	(14,312)
	\$ 664,456	\$ 621,495

### 5. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 36,010	\$ 36,010	\$ -	\$ -
Computer software	26,224	15,826	10,398	2,166
Heating equipment	36,242	12,790	23,452	25,264
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	42,460	-	-
	\$ 168,332	\$ 134,482	\$ 33,850	\$ 27,430

During the year, the Society wrote off computer software relating to EEIP database with a net book value of \$2,166 (2019 - \$nil). The resulting loss of \$2,166 is included in the amortization expense in the Statement of Operations.

Net assets invested in tangible capital assets as at March 31, 2020, are as follows:

	2020	2019
Tangible capital assets	\$ 33,850	\$ 27,430
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(19,223)	(11,032)
	\$ 6,627	\$ 8,398

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 6. GOVERNMENT REMITTANCES RECEIVABLE

	2020	2019
Goods & Services Tax rebates	\$ 50,811	\$ 30,160
	2020	2019
Payroll remittances payable	\$ 65,365	\$ 25,715
Related parties:		
Workers' Safety and Compensation Commission	5,472	-
GNWT - Finance	5,380	3,150
	\$ 76,217	\$ 28,865

### 7. TRADE PAYABLES AND ACCRUALS

	2020	2019
Accrued liabilities:		
EEIP rebates	\$ -	\$ 20,212
Other	38,865	47,466
Pellet boiler asset retirement obligation	8,000	8,000
	46,865	75,678
Trade payables	171,588	112,224
	\$ 218,453	\$ 187,902

### 8. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Infrastructure (INF). 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.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 8. DEFERRED REVENUE, continued

	2020	2019
Restricted contributions balance, opening	\$ -	\$ 9,457
Receipts	4,810,950	4,078,445
Funding receivable	291,701	334,955
Repayments	-	(987,407)
Funding expended	(4,979,981)	(3,435,450)
Restricted contributions balance, closing	122,670	-
Membership fees received in advance: GNWT-ENR	50,000	-
Total deferred revenue, closing	\$ 172,670	\$ -

### 9. PROVISION FOR REBATES

Under the Energy Efficiency Incentive Program (EEIP) with the GNWT, the Society assists homeowners and consumers in the purchase of new, more efficient models of products used every day to help reduce their energy costs and greenhouse gas emissions.

In accordance with the program guidelines, rebates are issued where qualifying products are applied for within the required time frame of purchasing eligible products and have been approved by the Society. Rebates are available as long as funds allocated by the Legislative Assembly of the Northwest Territories remain available for the program during the year.

In 2019, the Society changed the guidelines for rebates whereby rebate applications received after year-end pertaining to qualifying products purchased in the prior year, are recorded in the year received. Previously, the Society provided for unreported rebates by using best estimates based on previous past purchases history. Changes during the year in the provision for EEIP rebates are as follows:

	2020	2019
Rebates paid previously provided for	\$ -	\$ (1,537)
Unused provision reversed	-	(10,463)
Change in provision during the year	-	(12,000)
Provision for rebates, opening	-	12,000
Provision for rebates, closing	\$ -	\$ -

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 10. DEFERRED GOVERNMENT ASSISTANCE

	2020		2019	
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	\$ 14,121	\$ 5,295	\$ 8,826	\$ 9,532
GNWT-ENR - Energy Efficiency Incentive Program: Database	14,853	4,456	10,397	1,500
	\$ 28,974	\$ 9,751	\$ 19,223	\$ 11,032

During the year, the Alliance entered into an agreement with GNWT-INF for the Energy Efficiency Incentive Program. A total contribution of \$14,853 was received to fund the acquired Energy Efficiency Incentive Program (EEIP) database, and is being amortized at the same rate as the related capital asset.

During the year, the Society wrote off deferred government assistance relating to the old EEIP database with a net book value of \$1,500 (2019 - \$nil). The amount of \$1,500 is included in other source income in the Statement of Operations.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 11. RESERVES

During the year, Arctic Energy Alliance transferred \$7,757 (2019 - \$35,948) from unrestricted net assets to meet its capital management objectives as described in Note 19. The reserves at March 31, 2020, of \$885,040 (2019 - \$877,283) represent the minimum required net assets to support the reserves. These internally restricted reserves are not available for unrestricted purposes without approval of the Board of Directors.

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

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

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Excess of revenues over expenses per page 2	\$ 165,182	\$ 309,167	\$ 88,824
Amortization of tangible capital assets	3,978	6,268	11,287
Purchase of tangible capital assets	-	(14,854)	-
Write-off of tangible capital assets	-	2,166	-
Acquisition of prepaid expenses	-	-	(4,878)
Use of prepaid expenses	-	-	15,285
Amortization - deferred government assistance	-	(5,162)	(3,706)
Write-off of deferred government assistance	-	(1,500)	-
Deferred government assistance additions	-	<u>14,853</u>	<u>-</u>
Increase in net financial assets	169,160	310,938	106,812
Net financial assets, opening	<u>968,731</u>	<u>968,731</u>	<u>861,919</u>
Net financial assets, closing (note 19)	<u>\$ 1,137,891</u>	<u>\$ 1,279,669</u>	<u>\$ 968,731</u>

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	<u>2020</u>	<u>2019</u>
Government of the Northwest Territories	\$ 150,000	\$ 150,000
GNWT - Crown Corporations	62,500	67,500
Other	<u>5,000</u>	<u>10,000</u>
	<u>\$ 217,500</u>	<u>\$ 227,500</u>

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

	<u>2020</u>	<u>2019</u>
GNWT:		
Department of Environment and Natural Resources	\$ 50,000	\$ 50,000
Department of Infrastructure	50,000	50,000
Department of Municipal and Community Affairs	<u>50,000</u>	<u>50,000</u>
	<u>150,000</u>	<u>150,000</u>
GNWT - Crown Corporations:		
Northwest Territories Housing Corporation	50,000	50,000
Northwest Territories Power Corporation	-	5,000
Public Utilities Board of the Northwest Territories	<u>12,500</u>	<u>12,500</u>
	<u>62,500</u>	<u>67,500</u>
	<u>\$ 212,500</u>	<u>\$ 217,500</u>

### 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 2020-21 Low Carbon Economy Leadership Fund (LCELF) funding for a maximum of \$3,537,555 of which \$700,000 is received, and
- Entered into a contribution agreement with GNWT, Department of Infrastructure, for 2020-21 core and program funding for a maximum of \$2,740,000 of which \$2,500,000 is received.



# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 14. CONTINGENT LIABILITIES

Before year-end, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. The extent of the impact the COVID-19 outbreak may have on the Society will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S. or other countries to fight the virus. The Society's activities have not been significantly impacted thus far; however, the Society continues to assess the impact COVID-19 will have on its operations.

### 15. TRUSTS UNDER ADMINISTRATION

At March 31, 2020, the Society holds \$38,316 (2019 - \$10,869) 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, and the LED Lighting project. These funds are excluded from the financial statements.

### 16. BUDGET

The 2020 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 18, 2019.

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.

### 17. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, trade payables and accruals, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate, market, currency, credit, liquidity or cash flow risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 18. COMMITMENTS

The Society has entered into operating leases for office space for the Yellowknife, Dehcho, and Norman Wells offices, expiring between July 1, 2020 and February 28, 2021 and office equipment expiring June 12, 2020 in Yellowknife. Future minimum lease payments are as follows.

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 18. COMMITMENTS, continued

	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2021	\$ 86,028	\$ 801	\$ 86,829
2022	15,046	-	15,046
2023	3,821	-	3,821
	<u>\$ 104,895</u>	<u>\$ 801</u>	<u>\$ 105,696</u>

The lease for office space in Yellowknife carries an extension of term option for two years from March 1, 2021 to February 28, 2023.

The lease for office space in Norman Wells carries an extension of term option for two years from September 1, 2020 to August 31, 2022.

The lease for office space in Inuvik carries an extension of term option for two years from June 1, 2022 to May 31, 2024.

During the year, included in other source income revenue are in-kind contributions with a total fair value of \$nil (2019 - \$22,023). These services are in connection with the NRCAN Energy Efficiency Retrofits project and consist of office and general of \$nil (2019 - \$30), consulting fees of \$nil (2019 - \$17,427), travel and accommodation of \$nil (2019 - \$3,600), and facility rental of \$nil (2019 - \$966).

### 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 restricting net assets. Funding risk may result from an inability to obtain government funding in a timely manner during contribution agreement negotiations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

At March 31, 2020, 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, 2020, are as follows:

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 19. CAPITAL MANAGEMENT, continued

	2020	2019
Accumulated surplus	\$ 402,629	\$ 99,448
Reserves	885,040	877,283
Invested in tangible capital assets	6,627	8,398
Net assets per page 3	1,294,296	985,129
Tangible capital assets	33,850	27,430
Deferred government assistance	(19,223)	(11,032)
	14,627	16,398
Net financial assets (note 11)	\$ 1,279,669	\$ 968,731

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 \$70,000-capped reserve is increased annually as applicable based on one half of one percent of the Society's total revenue for the year.

	Opening Balance	Transfers	Closing Balance
Operating Reserve	\$ 717,283	\$ 7,757	\$ 725,040
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	70,000	-	70,000
	\$ 877,283	\$ 7,757	\$ 885,040

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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:

	2020	2019
Excess of revenues over expenses per page 2	\$ 309,167	\$ 88,824
Items not affecting cash:		
Amortization of tangible capital assets	6,268	11,287
Amortization of deferred government assistance	(5,162)	(3,706)
Write-off of tangible capital assets	2,166	-
Write-off of deferred government assistance	(1,500)	-
Increase in deferred government assistance	14,854	-
Change in accrued interest from GICs	(4,571)	5,143
Interest income received relating to short term investments	(42,478)	(30,456)
	278,744	71,092
Net change in non-cash operating working capital accounts:		
Decrease (increase) in accounts receivable	(42,961)	30,385
Increase in GST receivable	(20,651)	(12,887)
Decrease in prepaid expenses	-	10,408
Increase (decrease) in wages and benefits payable	(53,007)	3,913
Increase in government remittances payable	47,352	713
Increase (decrease) in trade payables and accruals	30,551	(67,425)
Decrease in provision for rebates	-	(12,000)
Increase (decrease) in contribution repayable	(987,100)	1,003,567
Increase (decrease) in deferred revenue	172,670	(9,457)
	(853,146)	947,217
Cash flows from (used for) operating activities per page 4	\$ (574,402)	\$ 1,018,309

# ARCTIC ENERGY ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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.

	<u>2020</u>	<u>2019</u>
Revenue		
Northwest Territories Housing Corporation	\$ 24,700	\$ 10,200
GNWT - Municipal & Community Affairs	<u>-</u>	<u>2,850</u>
	<u>\$ 24,700</u>	<u>\$ 13,050</u>
Expenses		
Aurora College:		
Rent, hospitality, office, telephone, and professional development	\$ 1,544	\$ 17,928
Workers' Safety and Compensation Commission	<u>14,559</u>	<u>10,832</u>
	<u>\$ 16,103</u>	<u>\$ 28,760</u>
Receivables from related parties:		
GNWT - Environment & Natural Resources (ENR)	\$ 37,176	\$ 37,176
GNWT - Health and Social Services	20,950	1,880
GNWT - Infrastructure	422,031	341,280
GNWT - Municipal & Community Affairs	-	2,850
Northwest Territories Power Corporation	15,000	15,000
Northwest Territories Housing Corporation	<u>89,135</u>	<u>74,135</u>
	<u>\$ 584,292</u>	<u>\$ 472,321</u>
Payables to related parties: Aurora College	<u>\$ -</u>	<u>\$ 3,479</u>

## ARCTIC ENERGY ALLIANCE

Schedule I

## SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2020

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
<b>CONTRIBUTIONS</b>								
<b>GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)</b>								
<b>Department of Infrastructure - Core and Program Funding</b>								
Core Funding	\$ -	\$ 1,360,000	\$ 240,000	\$ -	\$ 253,732	\$ 1,853,732	\$ 1,771,062	\$ 82,670
Alternative Energy Technologies Program (AETP)	-	300,000	-	-	(165,097)	134,903	134,903	-
Energy Rating Services Support Program (ERS)	-	150,000	-	-	-	150,000	150,000	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	-	-	2,446	202,446	202,446	-
Biomass Energy	-	100,000	-	-	(26,993)	73,007	73,007	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	(16,241)	183,759	183,759	-
Community Government Retrofits (CGERP)	-	190,000	-	-	(47,847)	142,153	142,153	-
	-	2,500,000	240,000	-	-	2,740,000	2,657,330	82,670
<b>Department of Infrastructure - Low Carbon Economy Leadership Fund (LCELF)</b>								
Alternative Energy Technologies Program (AETP)	-	400,000	-	-	(37,001)	362,999	362,999	-
Energy Efficiency Incentive Program (EEIP)	-	310,215	-	-	94,484	404,699	404,699	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	460,000	-	-	(45,495)	414,505	414,505	-
Community Government Building Energy Retrofit (CGBERP)	-	170,000	-	-	65,721	235,721	235,721	-
Deep Home Energy Retrofit	-	200,000	-	-	(16,046)	183,954	183,954	-
Low Income Energy Assistance	-	50,000	-	-	68,775	118,775	118,775	-
Energy Efficiency and Conservation Retrofits - NGO	-	300,000	-	-	(105,157)	194,843	194,843	-
Electric Heat Incentive South Slave	-	9,785	30,751	-	(7,052)	33,484	33,484	-
Community Energy Plan Implementation	-	-	-	-	1,670	1,670	1,670	-
Community Wood Stoves	-	350,000	-	-	(19,899)	330,101	330,101	-
	-	2,250,000	30,751	-	-	2,280,751	2,280,751	-
<b>Total INF</b>	-	4,750,000	270,751	-	-	5,020,751	4,938,081	82,670
<b>Department of Health &amp; Social Services (H&amp;SS)</b>								
Low Income Energy Retrofits	-	20,950	20,950	-	-	41,900	41,900	-
<b>Department of Municipal and Community Affairs (MACA)</b>								
Stabilizing Non-Government Organization Operations Grant	-	40,000	-	-	-	40,000	-	40,000
<b>Total GNWT</b>	-	4,810,950	291,701	-	-	5,102,651	4,979,981	122,670
<b>Other Revenue</b>								
Membership fees received in advance from ENR	-	50,000	-	-	-	50,000	-	50,000
<b>Total contributions (note 8)</b>	\$ -	\$ 4,860,950	\$ 291,701	\$ -	\$ -	\$ 5,152,651	\$ 4,979,981	\$ 172,670

**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS**  
For the year ended March 31, 2020

Schedule II

	Total	Core Funding	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program	Biomass Energy
<b>REVENUES</b>					
Contributions from GNWT	\$ 4,979,981	\$ 1,771,062	\$ 134,903	\$ 150,000	\$ 73,007
Membership fees	217,500	217,500	-	-	-
Other source income	90,893	27,443	-	63,450	-
Interest income	51,984	51,984	-	-	-
	<u>5,340,358</u>	<u>2,067,989</u>	<u>134,903</u>	<u>213,450</u>	<u>73,007</u>
<b>EXPENDITURES</b>					
Advertising and promotion	72,720	39,394	-	-	-
Consulting fees	116,915	51,162	-	-	6,606
Equipment rental	3,279	3,279	-	-	-
Facility rental and tradeshow fees	9,341	8,834	-	-	-
Fees and dues	10,434	8,600	-	-	617
Hospitality	13,758	11,577	-	-	-
Insurance	13,043	13,043	-	-	-
Interest and bank charges	4,814	4,814	-	-	-
Office and general	71,962	55,872	-	200	-
Professional development	22,613	12,263	-	-	-
Professional fees	31,082	31,082	-	-	-
Rebates	1,915,582	-	81,398	-	-
Rent and utilities	174,656	174,656	-	-	-
Telephone, Internet and Website	42,774	42,774	-	-	-
Travel and accommodation	220,949	163,834	-	1,620	-
Wages and benefits	2,305,495	1,155,386	53,504	192,110	65,785
	<u>5,029,419</u>	<u>1,776,571</u>	<u>134,903</u>	<u>193,930</u>	<u>73,007</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b> (note 11)	<u>310,939</u>	<u>291,418</u>	<u>-</u>	<u>19,520</u>	<u>-</u>
<b>TRANSFERS</b>					
Amortization of tangible capital assets	(8,434)	(8,434)	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	6,662	6,662	-	-	-
	<u>(1,772)</u>	<u>(1,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 309,167</u>	<u>\$ 289,646</u>	<u>\$ -</u>	<u>\$ 19,520</u>	<u>\$ -</u>

See accompanying notes.



**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS**

Schedule II

For the year ended March 31, 2020

	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Retrofits (CGERP)	Energy Efficiency Incentive Program (EEIP)	Alternative Energy Technologies LCELF	Energy Efficiency Incentive Program LCELF
<b>REVENUES</b>					
Contributions from GNWT	\$ 183,759	\$ 142,153	\$ 202,446	\$ 362,999	\$ 404,699
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	<u>183,759</u>	<u>142,153</u>	<u>202,446</u>	<u>362,999</u>	<u>404,699</u>
<b>EXPENDITURES</b>					
Advertising and promotion	-	-	323	569	11,582
Consulting fees	-	-	-	2,348	9,807
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-
Fees and dues	-	-	-	16	175.14
Hospitality	-	-	-	-	272.14
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	101	533	61	536	652.46
Professional development	-	-	-	-	1,504.02
Professional fees	-	-	-	-	-
Rebates	105,120	41,370	160,000	304,927	263,597
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	-	-	2,156
Wages and benefits	78,538	100,250	42,063	54,603	114,953
	<u>183,759</u>	<u>142,153</u>	<u>202,446</u>	<u>362,999</u>	<u>404,699</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES (note 11)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TRANSFERS</b>					
Amortization of tangible capital assets	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS**  
For the year ended March 31, 2020

Schedule II

	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
<b>REVENUES</b>					
Contributions from GNWT	\$ 414,505	\$ 235,721	\$ 183,954	\$ 118,775	\$ 194,843
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	<u>414,505</u>	<u>235,721</u>	<u>183,954</u>	<u>118,775</u>	<u>194,843</u>
<b>EXPENDITURES</b>					
Advertising and promotion	1,682	9,395.37	4,266	2,236	1,964
Consulting fees	8,421	7,241.28	7,012	8,493.83	6,605
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	507.32	-
Fees and dues	182.17	162.53	159.83	204.91	145
Hospitality	-	-	-	1,463	446
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	2,382	3,908	643	5,522	339
Professional development	1,515	1,373	1,359	1,783	1,306
Professional fees	-	-	-	-	-
Rebates	328,545	179,603	50,509	-	133,600
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	-	-	12,913	15,406	5,660
Wages and benefits	71,778	34,038	107,092	83,159	44,776
	<u>414,505</u>	<u>235,721</u>	<u>183,954</u>	<u>118,775</u>	<u>194,843</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES (note 11)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TRANSFERS</b>					
Amortization of tangible capital assets	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ARCTIC ENERGY ALLIANCE**  
**SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS**  
For the year ended March 31, 2020

Schedule II

	Electric Heat Incentive South Slave LCELF	Community Energy Plan Implementation LCELF	Community Wood Stoves LCELF	Low Income Home Winterization LCELF
<b>REVENUES</b>				
Contributions from GNWT	\$ 33,484	\$ 1,670	\$ 330,101	\$ 41,900
Membership fees	-	-	-	-
Other source income	-	-	-	-
Interest income	-	-	-	-
	<u>33,484</u>	<u>1,670</u>	<u>330,101</u>	<u>41,900</u>
<b>EXPENDITURES</b>				
Advertising and promotion	617.90	-	691.11	-
Consulting fees	3,031	-	6,188.61	-
Equipment rental	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-
Fees and dues	61.11	-	110.40	-
Hospitality	-	-	-	-
Insurance	-	-	-	-
Interest and bank charges	-	-	-	-
Office and general	345.54	-	160.27	707
Professional development	491.58	-	1,019	-
Professional fees	-	-	-	-
Rebates	-	-	225,720	41,193
Rent and utilities	-	-	-	-
Telephone, Internet and Website	-	-	-	-
Travel and accommodation	-	-	19,360	-
Wages and benefits	28,938	1,670	76,852	-
	<u>33,484</u>	<u>1,670</u>	<u>330,101</u>	<u>41,900</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES (note 11)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TRANSFERS</b>				
Amortization of tangible capital assets	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-
Use of prepaid expenses	-	-	-	-
Amortization of government assistance	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

**Inuvialuit Water Board**

**Financial Statements**

**March 31, 2020**

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**Inuvialuit Water Board**

**Financial Statements**

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**March 31, 2020**

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## Management's Responsibility for Financial Reporting


June 08, 2020

### To the Directors of Inuvialuit Water Board

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

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

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



Mardy Semmler  
Executive Director  
Inuvialuit Water Board



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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 comprise of the statement of financial position as at March 31, 2020, and the statements of operations, change in accumulated surplus, change in net financial resources and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2020, 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 company 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*

Yellowknife, Northwest Territories  
June 08, 2020

Chartered Professional Accountants

## Inuvialuit Water Board

### Statement of Operations

For the year ended March 31,	Budget (Unaudited)	2020	2019
<b>Revenue</b>			
Government of the Northwest Territories	\$ 913,000	\$ 913,000	\$ 913,000
Donation in kind	61,693	61,693	61,693
Other revenue	-	-	6
<b>Total revenues before contribution repayable</b>	-	<b>974,693</b>	<b>974,699</b>
<b>Contribution repayable</b>	-	<b>(121,489)</b>	<b>(185,846)</b>
<b>Total revenues</b>	<b>974,693</b>	<b>853,204</b>	<b>788,853</b>
<b>Expenses</b>			
Advertising	2,000	9,798	4,114
Amortization	10,000	14,360	12,870
Board travel and training	14,500	5,421	5,032
Communications	29,500	29,665	30,819
Communication Strategy Implementation	60,000	22,259	20,020
Community Capacity Initiative	50,000	36,587	27,303
Community Tour	10,000	11,408	7,576
Conferences	9,000	4,986	2,173
Consulting	5,000	-	180
Equipment maintenance	3,000	3,827	2,128
Equipment rental	5,000	5,206	5,198
Honoraria	78,300	78,263	73,915
Hospitality	-	457	1,576
Interest and bank charges	1,000	535	561
Office supplies	4,200	3,320	10,798
Postage	2,000	961	1,879
Professional fees	55,000	59,093	39,651
Rent	61,693	61,693	61,693
Salaries and benefits	517,000	479,507	472,505
Implications of In House Staffing - Ph II	45,000	11,853	-
Staff travel	12,500	7,800	14,889
<b>Total expenses</b>	<b>974,693</b>	<b>846,999</b>	<b>794,880</b>
<b>Surplus (deficit) before other items</b>	-	<b>6,205</b>	<b>(6,027)</b>
<b>Transfer to capital assets</b>	-	<b>(6,205)</b>	<b>6,034</b>
<b>Surplus</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7</b>



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**Inuvialuit Water Board****Statement of Accumulated Surplus**

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<b>For the year ended March 31,</b>			<b>2020</b>	<b>2019</b>
	<b>Capital Asset Fund</b>	<b>Operating Fund</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 31,837</b>	<b>\$ 290,964</b>	<b>\$ 322,801</b>	<b>\$ 328,828</b>
<b>Operating surplus (deficit)</b>	<b>-</b>	<b>6,205</b>	<b>6,205</b>	<b>(6,027)</b>
<b>Acquisition of tangible capital assets</b>	<b>20,564</b>	<b>(20,564)</b>	<b>-</b>	<b>-</b>
<b>Amortization</b>	<b>(14,360)</b>	<b>14,360</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 38,041</b>	<b>\$ 290,965</b>	<b>\$ 329,006</b>	<b>\$ 322,801</b>

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**Inuvialuit Water Board****Statement of Change in Net Financial Resources**

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<b>For the year ended March 31,</b>	<b>Budget (Unaudited)</b>	<b>2020</b>	<b>2019</b>
Operating surplus	\$ -	\$ 6,205	\$ (6,027)
Acquisition of tangible capital assets	(3,000)	(20,564)	(6,836)
Amortization of tangible capital assets	10,000	14,360	12,870
<b>Net change in financial resources</b>	<b>7,000</b>	<b>1</b>	<b>7</b>
<b>Net financial resources at beginning of year</b>	<b>290,964</b>	<b>290,964</b>	<b>290,957</b>
<b>Net financial resources at end of year</b>	<b>\$ 297,964</b>	<b>\$ 290,965</b>	<b>\$ 290,964</b>

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**Inuvialuit Water Board**

**Statement of Financial Position**

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As at March 31, 2020 2019

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**Financial Assets**

Cash	\$ 538,956	\$ 640,691
Accounts receivable (Note 4)	5,058	3,574
	<b>544,014</b>	<b>644,265</b>

---

**Liabilities**

Accounts payable and accrued liabilities	131,560	167,455
Repayable contributions (Note 5)	121,489	185,846
	<b>253,049</b>	<b>353,301</b>
Net financial resources	<b>290,965</b>	<b>290,964</b>

---

**Non-Financial Assets**

Tangible capital assets (Note 6)	38,042	31,837
	<b>38,042</b>	<b>31,837</b>

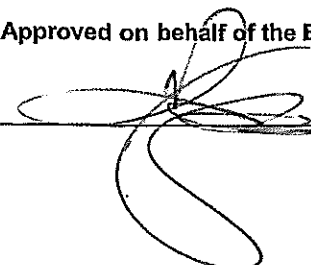
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**Accumulated surplus** **\$ 329,006** **\$ 322,801**

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**Commitments (Note 8)**

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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**Inuvialuit Water Board****Statement of Cash Flows**

<b>For the year ended March 31,</b>	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus (deficit)	\$ 6,205	\$ (6,027)
Item not affecting cash		
Amortization	14,360	12,870
<b>Change in non-cash operating working capital</b>		
Accounts receivable	(1,484)	2,530
Accounts payable and accrued liabilities	(35,895)	11,241
Repayable contributions	(64,357)	72,649
	<b>(81,171)</b>	<b>93,263</b>
<b>Capital activity</b>		
Investment in tangible capital assets	(20,564)	(6,836)
<b>Change in cash position</b>	<b>(101,735)</b>	<b>86,427</b>
<b>Cash position, beginning of year</b>	<b>640,691</b>	<b>554,264</b>
<b>Cash position, end of year</b>	<b>\$ 538,956</b>	<b>\$ 640,691</b>

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## **Inuvialuit Water Board**

### **Notes to Financial Statements**

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**March 31, 2020**

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#### **1. Organization and Jurisdiction**

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

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

#### **2. Accounting Policies**

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

##### **(a) Financial Instruments**

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

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and 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) Tangible Capital Assets**

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

##### **(c) Fund Accounting**

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

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2020

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#### 2. Accounting Policies (continued)

##### (d) Revenue Recognition

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

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

Other revenue is recognized when services and goods are provided.

##### (e) 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.

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2020

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#### 3. Future Accounting Standards

##### (a) Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 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. This section would require public sector entities to review existing contract, legislation, etc., to identify retirement activities associated with its controlled capital assets. The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

##### (b) 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, 2022. Earlier adoption is permitted.

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

#### 4. Accounts Receivable

	2020	2019
Accounts Receivable	\$ 12	\$ -
Goods and Services Tax	5,046	3,574
	<u>\$ 5,058</u>	<u>\$ 3,574</u>

As at March 31, 2020 allowance for doubtful accounts is nil (2019 - nil).

#### 5. Repayable Contributions

	2020	2019
Government of Northwest Territories	\$ 121,489	\$ 185,846

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2020

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#### 6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Furniture and equipment	20%	\$ 46,096	\$ 23,172	\$ 22,924	\$ 22,363
Computer equipment	30%	77,345	62,227	15,118	9,474
Computer software	100%	609	609	-	-
		\$ 124,050	\$ 86,008	\$ 38,042	\$ 31,837

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#### 7. Economic Dependence

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

#### 8. Commitments

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

2021	\$	4,956
2022		4,945
2023		4,945
	\$	14,846

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#### 9. Risk Management

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

(i) Credit risk

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

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

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of \$544,014 (2019 - \$644,265)



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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2020

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#### 9. Risk Management (Continued)

##### (ii) Concentration of credit risk

Concentration 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 concentration of credit risk.

A significant portion of the Board's cash is held with one financial institution, exposing the Board to the risk that this institution may not have the liquidity to honour withdrawals of the Board's funds. At March 31, 2020, 100% (2019 - 100%) of the Board's cash were held within one of Canada's chartered banks. This risk has not changed from the prior year.

##### (iii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board does have a liquidity risk in accounts payable and accrued liabilities \$253,049 (2019 - \$ 353,301). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Board's financial assets and financial liabilities at March 31, 2020 mature within the next six months. The Board has disclosed future financial liabilities and commitments in Note 8.

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

#### 10. Related Party Transactions

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

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

#### 11. Budget Amounts

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

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

**For the year ended**

**March 31, 2020**

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## Northwest Territories Business Development and Investment Corporation

### Management's Responsibility for Financial Reporting

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



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Tracy St. Denis  
Chief Executive Officer



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Leonard Kwong  
Director, Finance and Programs

August 27, 2020



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

### *Qualified Opinion*

We have audited the consolidated financial statements of the Northwest Territories Business Development and Investment Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, 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 Qualified Opinion*

On 11 March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). As a result, measures were put in place that impacted our ability to observe the counting of physical inventories as at 31 March 2020. We were also unable to satisfy ourselves concerning those inventory quantities by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to reported inventories on the consolidated statement of financial position as at 31 March 2020, and to the consolidated results of operations and consolidated changes in net financial assets for the year then ended.

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 qualified 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.



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

Edmonton, Canada  
27 August 2020

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**Northwest Territories Business Development and Investment Corporation**

**Consolidated Financial Statements (March 31, 2020)**

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

---

	March 31, 2020	March 31, 2019
	\$	\$
<b>Financial Assets</b>		
Cash (Note 3)	19,436	17,245
Accounts receivable	186	204
Inventories held for resale (Note 4)	498	458
Loans receivable (Notes 5 and 6)	36,723	37,924
	<u>56,843</u>	<u>55,831</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	921	1,450
Post-employment benefits (Note 8)	345	315
Advances from the Government (Note 9)	21,228	20,934
Asset retirement obligations	31	<u>30</u>
	<u>22,525</u>	<u>22,729</u>
<b>Net financial assets</b>	<u>34,318</u>	<u>33,102</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	318	338
Prepaid expenses	1	<u>5</u>
	<u>319</u>	<u>343</u>
<b>Accumulated surplus</b>	<u>34,637</u>	<u>33,445</u>

Venture investments (Note 7)

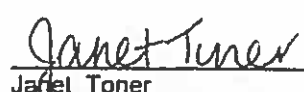
Commitments and contingencies (Notes 12 and 13)

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

Approved by:



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Denny Rodgers  
Chairperson of the Board of Directors

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Janet Toner  
Chairperson of the Audit Committee



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

---

<b>For the year ended March 31</b>	<b>Budget 2020</b>	<b>Actual 2020</b>	<b>Actual 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual surplus	345	1,192	926
Acquisition of tangible capital assets	-	(89)	(181)
(Gain) loss on disposal of tangible capital assets	-	(41)	6
Amortization of tangible capital assets	40	79	80
Proceeds received from disposal of tangible capital assets	-	71	-
	40	20	(95)
Acquisition of prepaid expenses	-	(16)	(5)
Use of prepaid expenses	-	20	26
	-	4	21
Increase in net financial assets	385	1,216	852
<b>Net financial assets, beginning of year</b>	<b>33,102</b>	<b>33,102</b>	<b>32,250</b>
<b>Net financial assets, end of year</b>	<b>33,487</b>	<b>34,318</b>	<b>33,102</b>

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

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

---

<b>For the year ended March 31</b>	<b>Budget 2020</b>	<b>Actual 2020</b>	<b>Actual 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>			
Interest on loans receivable	2,200	2,511	2,124
Sales and other income	753	831	916
Gain on disposal of tangible capital assets	-	41	-
Interest on pooled cash (Note 3)	135	399	312
	<b>3,088</b>	<b>3,782</b>	<b>3,352</b>
Government transfers (Note 10)	2,770	2,922	2,781
	<b>5,858</b>	<b>6,704</b>	<b>6,133</b>
<b>Expenses (Note 11)</b>			
Lending and investments	4,160	4,086	3,713
Retail and manufacturing	1,353	1,426	1,494
	<b>5,513</b>	<b>5,512</b>	<b>5,207</b>
<b>Annual surplus</b>	<b>345</b>	<b>1,192</b>	<b>926</b>
<b>Accumulated surplus, beginning of year</b>	<b>33,445</b>	<b>33,445</b>	<b>32,519</b>
<b>Accumulated surplus, end of year</b>	<b>33,790</b>	<b>34,637</b>	<b>33,445</b>

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

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

---

<b>For the year ended March 31</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Operating transactions</b>		
Cash received from:		
Governments	2,056	1,977
Customers	886	854
Interest	2,811	2,419
	<hr/> 5,753	<hr/> 5,250
Cash paid for:		
Compensation and benefits	3,169	2,187
Payments to suppliers	1,319	1,193
Interest on advances from the Government	-	416
Grants and contributions	153	212
	<hr/> 4,641	<hr/> 4,008
<b>Cash provided by operating transactions</b>	<hr/> <b>1,112</b>	<hr/> <b>1,242</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(255)	(16)
Proceeds from disposal of tangible capital assets	77	-
<b>Cash used for capital transactions</b>	<hr/> <b>(178)</b>	<hr/> <b>(16)</b>
<b>Investing transactions</b>		
Loans receivable disbursed	(3,351)	(3,985)
Loans receivable repaid	4,608	4,431
<b>Cash provided by investing transactions</b>	<hr/> <b>1,257</b>	<hr/> <b>446</b>
<b>Financing transactions</b>		
Repayment of advances from the Government	-	(1)
<b>Cash used for financing transactions</b>	<hr/> <b>-</b>	<hr/> <b>(1)</b>
<b>Increase in cash</b>	<hr/> <b>2,191</b>	<hr/> <b>1,671</b>
Cash, beginning of year	17,245	15,574
<b>Cash, end of year</b>	<hr/> <b>19,436</b>	<hr/> <b>17,245</b>

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

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2020

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#### 1. The Corporation

##### (a) Authority

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

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

##### (b) Mandate

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

##### (c) Government transfers and advances

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

The Corporation and its organizations are economically dependent upon the transfers received from the Government for their ongoing operations (Note 17).

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

##### (d) Taxes

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

##### (e) Budget

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

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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**2. Summary of significant accounting policies**

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

**(a) Measurement uncertainty**

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

At the time of preparation of these consolidated financial statements, management believes the estimates and the assumptions to be reasonable under the circumstances. However, the effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant especially given the added uncertainties resulting from the COVID-19 pandemic declared by the World Health Organization on March 11, 2020.

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

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

**(b) Principles of consolidation**

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

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

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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

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

**(d) Inventories**

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

**(e) Loans receivable**

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

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

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

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

**(f) Allowance for credit losses**

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

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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

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

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

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

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

**(g) Venture investments**

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

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

There is no active quoted market.

**(h) Asset retirement obligations**

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

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

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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

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

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

**(j) Employee future benefits**

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

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

**(k) Tangible capital assets**

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

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

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

**(l) Financial instruments**

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



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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2020

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#### 2. Summary of significant accounting policies (continued)

##### (m) Non-financial assets

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

##### (n) Segment disclosure

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

##### (o) Future accounting changes

The PSAB issued the following two new sections effective on or after April 2022 and 2023. The Corporation is currently assessing the impact of the two sections.

**Section PS 3280, "Asset Retirement Obligation":** This section establishes standards on how to account for and report for assets retirement obligations. This section is effective for fiscal year beginning on or after April 1, 2022 with earlier adoption permitted.

**Section PS 3400, "Revenue":** 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. This section is effective for fiscal year beginning on or after April 1, 2023 with earlier adoption permitted.

#### 3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for employee future benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation earned \$399,000 in interest at an average investment yield of 2.30% during the year (2019: \$312,000 at an average investment yield of 2.09%).

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.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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**3. Cash (continued)**

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 8b).

	000's	
	2020	2019
	\$	\$
Cash held by the Corporation for operations	4,723	6,410
Cash held by the Corporation's organizations	1,606	1,573
Cash held for post-employment benefits	345	315
	6,674	8,298
Venture Investment Fund	4,190	4,190
Capital Fund	873	873
Subsidy Fund	434	432
Venture Reserve Fund	486	486
Loans and Bonds Fund	6,632	2,819
Capital Reserve Fund	147	147
	12,762	8,947
	19,436	17,245

**4. Inventories**

	000's	
	2020	2019
	\$	\$
<b>Inventories held for resale:</b>		
Arts and crafts	289	263
Canvas products	209	195
	498	458

During the year, \$124,000 of inventories were written down (2019: \$42,000) and no inventories were pledged as security. Also during the year, the Corporation had \$28,000 recoveries on inventory that had been previously written down (2019: \$55,000). Inventory write-downs and recoveries are included in the cost of goods sold.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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**5. Loans receivable**

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

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

Loans receivable are expected to mature as follows:

		000's			
		2020		2019	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing loans due within:	1 year	5.80	3,135	5.38	3,802
	1-2 years	5.20	9,246	5.76	5,084
	2-3 years	5.45	8,108	5.33	10,355
	3-4 years	6.03	6,204	5.45	10,202
	over 4 years	6.11	7,270	6.46	6,888
			33,963		36,331
Accrued loan interest receivable			196		161
Impaired loans			6,054		4,959
			40,213		41,451
Less: allowance for credit losses (Note 6)			3,490		3,527
			<b>36,723</b>		<b>37,924</b>

In 2020, no accounts (including impaired interest) were written off by the board of directors (2019: one account in the amount of \$166,000 including impaired interest) and no accounts were forgiven (2019: two accounts totalling \$192,000) by the FMB. Recoveries on loans previously written off from both loans receivable and allowance totalled \$33,000 (2019: \$53,000).

**Concentration of credit risk**

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

**Northwest Territories Business Development and Investment Corporation**

**Notes to the Consolidated Financial Statements  
March 31, 2020**

**5. Loans receivable (continued)**

**Enterprise concentration**

Enterprise	000's			
	2020		2019	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Accommodations, food and beverage	4,575	1,041	4,639	2,056
Agriculture	281	-	97	-
Arts and craft	281	84	379	-
Business services	144	304	201	344
Communication	559	-	378	-
Construction	8,437	1,073	9,187	215
Educational services	-	-	-	10
Finance and insurance	339	-	363	46
Fisheries and wildlife	86	-	95	-
Forestry and logging	172	-	-	-
Management of companies	398	-	427	-
Manufacturing	1,092	9	1,088	15
Mining and miner	127	-	-	-
Oil and gas	-	400	-	360
Other services	1,421	82	1,527	82
Professional, scientific and tech ser.	1	-	5	-
Real estate and rentals	5,340	161	5,627	170
Retail trade	6,129	731	6,471	302
Transportation and storage	2,723	901	3,934	64
Travel and tourism	1,131	1,268	1,080	1,295
Wholesale trade	727	-	833	-
	<b>33,963</b>	<b>6,054</b>	<b>36,331</b>	<b>4,959</b>

The loans receivable balance contains no accounts that were made to a venture investee (2019: one loan valued at \$21).

**Geographic concentration**

Region	000's			
	2020		2019	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
South Slave	18,486	2,486	18,892	1,546
Dehcho	5,658	850	6,644	-
North Slave	5,301	1,652	5,918	2,252
Sahtu	2,234	204	2,530	247
Inuvik	2,284	862	2,347	914
	<b>33,963</b>	<b>6,054</b>	<b>36,331</b>	<b>4,959</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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**5. Loans receivable (continued)**

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

Credit risk rating	000's	
	2020	2019
	\$	\$
Low	18,016	21,301
Medium	15,042	14,165
High	905	865
	<b>33,963</b>	<b>36,331</b>

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

Loans past due but not impaired	000's	
	2020	2019
	\$	\$
31 – 60 days	21	14
61 – 90 days	7	2
Over 90 days	-	1
	<b>28</b>	<b>17</b>

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2020 (2019: nil).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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**6. Allowance for credit losses**

	000's	
	2020	2019
	\$	\$
Balance, beginning of year	3,527	3,527
Provision for credit losses	121	404
Loans written off	-	(147)
Recoveries from repayments of allowance	(158)	(257)
<b>Balance, end of year</b>	<b>3,490</b>	<b>3,527</b>
Comprised of:		
Specific allowance	2,808	2,800
General allowance	682	727
	<b>3,490</b>	<b>3,527</b>

**7. Venture investments**

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2020, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2020 were \$593,000 (2019: 593,000) with accumulated write-downs of \$593,000 (2019: \$593,000). In 2020, no venture investments were approved for write-off (2019: nil) by the board or for forgiveness by the FMB (2019: \$61,000).

**Preferred shares and dividends**

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

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

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.07 times (2019: 1.1) 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 (2019: 1.0) the employee's contribution. Total contributions of \$148,000 (2019: \$175,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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

	000's	
	2020	2019
	\$	\$
Corporation's contributions	148	175
Employees' contributions	141	158

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

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

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

The most recent actuarial valuation was completed in March 2020 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	
	2020	2019
	\$	\$
Accrued benefit obligation, beginning of year	424	338
Current period benefit cost	11	15
Interest cost	11	11
Benefit payments	(8)	(36)
Actuarial (gain) loss	(189)	96
Accrued benefit obligation, end of year	249	424
Unamortized net actuarial gain (loss)	96	(109)
<b>Accrued benefit liability (asset)*</b>	<b>345</b>	<b>315</b>

\*Total retirement, post-employment, and other leave benefits includes \$317,180 (2019 - \$287,046) related to severance and removal and \$28,195 (2019 - \$28,375) related to compensated absences.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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**8. Employment and post-employment benefits (continued)****(b) Termination, removal benefits and leave (continued)****Benefit Expense**

	000's	
	2020	2019
	\$	\$
Current period benefit cost	11	15
Interest cost	11	11
Amortization of actuarial loss	16	5
<b>Post-employment benefits</b>	<b>38</b>	<b>31</b>

The discount rate used to determining the accrued benefit obligation is an average of 2.70% (2019: 3.20%). The assumed rate of compensation increase is 2% (2019: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8.3 years (2018: 8.3 years). No inflation was applied.

**9. Advances from the Government**

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2019: \$45 million) as at March 31, 2020.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.70% to 1.66% (2019: 1.45% to 2.34%) during the year.

	000's	
	2020	2019
	\$	\$
Balance, beginning of year	20,934	20,935
Interest charged on the Advance	294	416
Repayments made	-	(417)
<b>Balance, end of year</b>	<b>21,228</b>	<b>20,934</b>



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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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**10. Government transfers**

	000's					
	Lending/ Invest- ments	2020 Retail/ Manufac- turing	Total	Lending/ Invest- ments	2019 Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	1,339	620	1,959	1,287	630	1,917
Services received without charge (Note 15)	866	-	866	767	-	767
	2,205	620	2,825	2,054	630	2,684
Federal programs	97	-	97	97	-	97
	2,302	620	2,922	2,151	630	2,781

A stipulation included in the agreement is for any unspent funds to be repaid to the Government. There were no unspent amounts in 2020 (2019: nil).

## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2020

#### 11. Expenses by object

	000's					
	Lending/ Invest- ments	2020 Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	2019 Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	16	6	22	17	8	25
Amortization	53	26	79	48	32	80
Asset retirement	-	1	1	5	1	6
Bad debts (recovery)	-	6	6	-	28	28
Bank charges and interest	2	27	29	1	29	30
Board members	31	1	32	20	1	21
Business Development Fund	153	-	153	212	-	212
Business Service Centre	247	-	247	236	-	236
Computers and communications	96	21	117	99	21	120
Cost of goods sold	-	914	914	-	915	915
(Recovery of) provision for credit losses (net)	(37)	-	(37)	147	-	147
Insurance	-	22	22	-	27	27
Interest expense on advances from the Government	293	-	293	416	-	416
Loss on disposal of tangible capital assets	-	-	-	6	-	6
Office and general	42	14	56	44	16	60
Professional services	38	60	98	37	59	96
Rent	154	15	169	180	15	195
Repairs and maintenance	-	29	29	-	9	9
Salaries and benefits	2,979	214	3,193	2,217	246	2,463
Training and workshops	2	-	2	12	3	15
Travel	17	2	19	16	25	41
Utilities	-	68	68	-	59	59
	<b>4,086</b>	<b>1,426</b>	<b>5,512</b>	<b>3,713</b>	<b>1,494</b>	<b>5,207</b>

#### 12. Commitments

As at March 31, 2020, loans to businesses approved but not yet disbursed, totalled \$4,503,000 at a weighted average interest rate of 5.7% (2019: \$962,000 at a weighted average interest rate of 4.6%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2020, all contributions to businesses approved have been disbursed (2019: \$29,000 were undisbursed).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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**13. Contingencies****Loans**

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling \$339,000 (2019: three outstanding loans totalling \$409,000). 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 2020, one account in the amount of \$10,000 was assigned to the Corporation (2019: nil).

**Letters of credit**

The Corporation has two outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,100,000 (2019: \$2,100,000) and expire in fiscal 2021. Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2019: nil).

One of the letters in the amount of \$100,000 was issued in July 2015 and expired the following year with no renewals in subsequent years. However, the original letter offering the standby letter of credit had a 5 year term. As long as the credit facility has not expired, the company is able to request another standby letter of credit. The Corporation has included it in the contingency note because of the 5 year term condition.

**14. Related party transactions**

The Corporation is related in terms of common ownership to all Government of the Northwest Territories 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 15).

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

	000's	
	2020	2019
	\$	\$
<b>Revenues</b>		
Sales	86	31
Government transfers (Note 10)	2,825	2,684
<b>Expenses</b>		
Purchases	189	215
Interest on advances from the Government	294	416
<b>Balances at year end</b>		
Accounts receivable	67	21
Accounts payable and accrued liabilities	264	168
Advances from the Government	21,228	20,934

## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2020

#### 15. Services received without charge

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

	000's	
	2020	2019
	\$	\$
Staff support	665	540
Accommodation	201	227
	<b>866</b>	<b>767</b>

#### 16. Budgeted figures

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

The 2020 and 2019 budgeted expenses are as follows:

	000's					
	2020			2019		
	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	20	12	32	25	12	37
Amortization	5	35	40	6	29	35
Bad debts	-	-	-	-	4	4
Bank charges and interest	-	26	26	-	27	27
Board members	35	2	37	40	2	42
Business Service Centre	248	-	248	268	-	268
Compensation and benefits	2,380	263	2,643	2,615	256	2,871
Computers and communications	110	19	129	105	18	123
Cost of goods sold	-	777	777	-	747	747
Credit loss (net)	350	-	350	300	-	300
Grants, contributions and transfers	200	-	200	200	-	200
Freight and courier	-	-	-	-	3	3
Insurance	-	27	27	-	23	23
Interest expense	450	-	450	165	-	165
Office and general	56	27	83	57	21	78
Professional services	100	56	156	175	65	240
Rent	176	16	192	173	16	189
Repairs and maintenance	-	12	12	-	12	12
Travel	30	29	59	50	20	70
Utilities	-	52	52	-	38	38
	<b>4,160</b>	<b>1,353</b>	<b>5,513</b>	<b>4,179</b>	<b>1,293</b>	<b>5,472</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2020**

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**17. Economic dependence**

The Corporation received 42.1% (2019: 43.8%) of its revenues in the form of a contribution and services without charge from the Government. 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: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2020, \$2,344,000 (2019: \$682,000) 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.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2020:

	000's	
	2020	2019
Cash	\$ 19,436	\$ 17,245
Accounts receivable	186	204
Loans receivable	36,723	37,924
Letters of credit	2,100	2,100

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements

March 31, 2020

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

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

The Corporation manages its interest rate risk by paying down the advances from the Government with cash available from the Loans and Bonds fund. During the year, no payments were made (2019: \$513) to the Government.

Based on the Corporation's advances from the Government as at March 31, 2020 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by \$22,000 (2019: \$49,000). A 100 basis point decrease in interest rates would increase annual surplus by \$51,000 (2019: \$78,000).

##### Liquidity risk

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

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

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

#### 19. Subsequent Events

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Global business and investment markets were immediately and substantively affected. All industries are susceptible to impacts of the pandemic to some extent; however, industries most at risk are likely to face cash flow issues as disruptions due to consumption changes, trade issues and labour shortages take effect. These impacts will result in an erosion of working capital that could make debt repayment more difficult. In addition, certain assets held as security are at a higher risk of being devalued in the current economic environment, particularly if a default were to occur. Within the Corporation's portfolio, this would impact industries differently depending on the nature of the security.

The Corporation's operations changed as a result of the COVID-19 crisis, including the closure of its offices and employees working remotely until July, 2020. The Government announced on March 20, 2020 certain economic relief measures through the Corporation effective April 1, 2020. The Corporation is allowing clients to apply to have their loan repayments reduced or deferred until March 31, 2021 without penalty or additional interest charges. In addition, the Corporation is offering a low interest loans during the pandemic. Loans of up to \$25,000 or higher in certain circumstances are being made available to qualified businesses at a rate of 1.75%.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2020**

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**19. Subsequent Events (continued)**

In June 2020, the Corporation borrowed \$3 million from the Government to help with COVID-19 economic relief loan disbursements.

There is uncertainty about the length and potential impact of the pandemic. As the pandemic continues to evolve, the cumulative financial effect of the impact on the Corporation cannot be made at this time as the duration and extent are uncertain and cannot be determined. Management estimates that the impact of certain economic relief measures effective April 1, 2020 will significantly decrease cash flows from loans and interest income next year.

**Northwest Territories Business Development and Investment Corporation**

**Consolidated Schedule of Tangible Capital Assets  
March 31, 2020**

	Schedule A 000's					March 31,	March 31,
	Land	Buildings	Vehicle and Equipment	Leasehold Improve- ments	Computer Equipment	2020	2019
Cost of tangible capital assets, opening	\$ 80	\$ 1,950	\$ 668	\$ 510	\$ 9	\$ 3,217	\$ 3,201
Acquisitions	-	28	31	30	-	89	181
Disposals	(2)	(189)	(15)	-	-	(206)	(165)
Cost of tangible capital assets, closing	78	1,789	684	540	9	3,100	3,217
Accumulated amortization, opening	-	1,835	664	373	7	2,879	2,958
Amortization expense	-	12	13	53	1	79	80
Disposals	-	(161)	(15)	-	-	(176)	(159)
Accumulated amortization, closing	-	1,686	662	426	8	2,782	2,879
<b>Net book value</b>	<b>78</b>	<b>103</b>	<b>22</b>	<b>114</b>	<b>1</b>	<b>318</b>	<b>338</b>



**NORTHWEST TERRITORIES HERITAGE FUND**

**Financial Statements**

**For The Year Ended March 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

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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, 2020, 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, 2020, 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.

### *Other Matter*

The financial statements for the year ended March 31, 2019 were prepared by management and are unaudited.

### *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.

(continues)



*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

July 21, 2020

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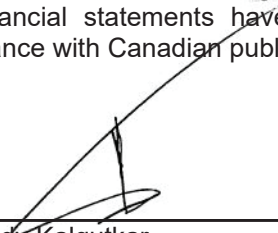
## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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



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Mr. Sandy Kalgutkar  
Secretary, Financial Management Board

Yellowknife, Northwest Territories  
July 21, 2020

**NORTHWEST TERRITORIES HERITAGE FUND**

**Statement of Financial Position**

**As at March 31, 2020**

	<b>2020</b> <b>(Actual)</b>	2019 (Unaudited)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 129,677	\$ 24,166,846
Interest receivable	293,883	48,234
Portfolio investments (Note 2)	<u>26,347,965</u>	-
	<u>26,771,525</u>	<u>24,215,080</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>18,696</u>	-
<b>NET FINANCIAL ASSETS</b>	<u>26,752,829</u>	<u>24,215,080</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 26,752,829</u>	<u>\$ 24,215,080</u>

SUBSEQUENT EVENT (Note 6)

**APPROVED BY**



Chair of the Financial Management Board



Deputy Secretary of the Financial Management Board

**NORTHWEST TERRITORIES HERITAGE FUND**  
**Statement of Operations and Accumulated Surplus**  
**For The Year Ended March 31, 2020**

	2020 (Budget)	<b>2020 (Actual)</b>	2019 (Unaudited)
<b>REVENUES</b>			
Contributions from the Government of the Northwest Territories	\$ 7,600,000	\$ <b>1,856,484</b>	\$ 6,591,127
Investment income	-	<b>618,015</b>	453,589
Gain on sale of investments	-	<b>122,001</b>	-
	7,600,000	<b>2,596,500</b>	7,044,716
<b>EXPENSES</b>			
Professional fees	-	<b>58,751</b>	-
	7,600,000	<b>2,537,749</b>	7,044,716
<b>ANNUAL SURPLUS</b>			
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	<b>24,215,080</b>	17,170,364
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 7,600,000</b>	<b>\$ 26,752,829</b>	<b>\$ 24,215,080</b>

**NORTHWEST TERRITORIES HERITAGE FUND**  
**Statement of Changes in Net Financial Assets**  
**For the Year Ended March 31, 2020**

	2020 (Budget)	<b>2020 (Actual)</b>	2019 (Unaudited)
<b>ANNUAL SURPLUS</b>	\$ 7,600,000	<b>\$ 2,537,749</b>	\$ 7,044,716
NET FINANCIAL ASSETS, BEGINNING OF YEAR	24,215,080	<b>24,215,080</b>	17,170,364
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 31,815,080</b>	<b>\$ 26,752,829</b>	\$ 24,215,080

**NORTHWEST TERRITORIES HERITAGE FUND****Statement of Cash Flows****For The Year Ended March 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 2,537,749	\$ 7,044,716
Items not affecting cash:		
Gain on disposal of investments	(122,001)	-
Amortization of investment premiums/discounts	(186,239)	-
	<u>2,229,509</u>	<u>7,044,716</u>
Changes in non-cash working capital:		
Interest receivable	(245,649)	(22,025)
Accounts payable and accrued liabilities	18,696	-
	<u>(226,953)</u>	<u>(22,025)</u>
	<u>2,002,556</u>	<u>7,022,691</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(40,153,420)	-
Proceeds from disposals and redemptions of investments	14,113,695	-
	<u>(26,039,725)</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH FLOWS</b>	<b>(24,037,169)</b>	<b>7,022,691</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,166,846</u>	<u>17,144,155</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 129,677</b>	<b>\$ 24,166,846</b>



# NORTHWEST TERRITORIES HERITAGE FUND

## Notes to Financial Statements

Year Ended March 31, 2020

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### 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. Significant aspects of the accounting policies adopted by the Fund are as follows.

#### Cash and cash equivalents

Cash and cash equivalents is comprised of bank account balances, net of outstanding cheques and short-term highly liquid investments that are readily convertible to known amounts of cash and have a maturity date of 90 days or less from the date of acquisition.

#### Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Investment premiums and discounts are amortized over the term of the respective investments. Where there is a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Interest income is recorded on the accrual basis, dividend income is recognized as it is declared, and gains and losses on disposal and redemption of investments are recognized when realized.

#### 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.

#### 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.

*(continues)*

# NORTHWEST TERRITORIES HERITAGE FUND

## Notes to Financial Statements

Year Ended March 31, 2020

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

#### 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) Financial Statement Presentation*

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

#### *(ii) Foreign Currency Translation*

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

#### *(iii) Portfolio Investments*

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

#### *(iv) Financial Instruments*

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

# NORTHWEST TERRITORIES HERITAGE FUND

## Notes to Financial Statements

Year Ended March 31, 2020

### 2. PORTFOLIO INVESTMENTS

	2020 Cost	2020 Market value	2019 Cost	2019 Market value
Guaranteed investment certificates	\$ 8,416,864	\$ 8,416,864	\$ -	\$ -
Canadian papers	7,992,700	7,749,527	-	-
Bonds	3,685,118	3,813,050	-	-
Equities and other financial instruments	6,253,283	4,710,233	-	-
	<b>\$26,347,965</b>	<b>\$24,689,674</b>	<b>\$ -</b>	<b>\$ -</b>

Guaranteed investment certificates bear interest at fixed rates ranging from 2.17% to 2.50% per annum maturing on April 9, 2020.

Bonds are recorded at amortized cost. Bond premiums and discounts are amortized over the term of the bond. The effective interest rate method is used to determine investment income. Total bond amortization in the year amounted to \$186,239.

Any declines in market value below cost are considered to be temporary and therefore no write-downs have been recorded.

### 3. FINANCIAL INSTRUMENTS

The Fund is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Fund's risk exposure and concentration as of March 31, 2020.

#### 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 comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Fund is mainly exposed to other price risk.

#### 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 risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its investment in equities and other financial instruments.

Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant other price risks arising from these financial instruments.

### 4. BUDGET

Budget figures presented in these financial statements are based on the 2019-2020 Government of Northwest Territories "Main Estimates".

### 5. COMPARATIVE FIGURES

Comparative figures presented are unaudited.

# **NORTHWEST TERRITORIES HERITAGE FUND**

## **Notes to Financial Statements**

**Year Ended March 31, 2020**

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### **6. SUBSEQUENT EVENTS**

On March 22, 2020, the Government of the Northwest Territories declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") pandemic. The measures implemented by governments, businesses, and other organizations to safeguard against COVID-19 may have a significant effect on the Fund's financial position. At this time, the financial impact of the COVID-19 pandemic, if any, on the Fund cannot be reliably estimated.

**Northwest Territories  
Housing Corporation  
Annual Report 2019-2020**

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Appendix B: Independent Auditor’s Report & Consolidated Financial Statements	

## 1. Message from the Minister



As the Minister responsible for the Northwest Territories Housing Corporation (NWTHC), I am pleased to release the 2019-2020 Annual Report and to be leading our efforts to ensure that our residents receive suitable housing that is affordable and meets the housing needs of the residents of the Northwest Territories

During 2019-2020, NWTHC made progress in many strategic areas. We continued to pursue partnerships with Indigenous and community governments, Non-Governmental Organizations (NGOs) and the Federal Government in exploring partnerships under the Community Housing Support Initiative (CHSI), National Housing Strategy Bi-lateral agreement, and community housing plans.

We are making great headway in developing new units for the RCMP. An activity that will both support community safety and bring in new revenue streams for the NWTHC.

It is extremely important for me that small communities and all residents of the Northwest Territories have a voice in housing matters in their community. I am pleased with the progress we have made on Community Housing Plans. Having community input and ownership regarding future housing initiatives is critical to ensuring that we are meeting the housing needs of our residents. We will continue to make progress on these plans, and they are an item that I will be paying close attention to.

I will ensure that the NWTHC is continually pursuing ways to improve housing in the NWT.

Thank you.

A handwritten signature in blue ink, appearing to read "Paulie Chinna".

Hon. Paulie Chinna  
Minister

## 2. Message from the President and CEO

Housing has always been a critical aspect of the GNWT's focus, and we continue to work towards its goal of ensuring that housing needs across the NWT are being met. The steps the NWTHC is taking to reach this goal will be guided by the incoming 19th Legislative Assembly and we look forward to the developments to come.

In 2019-20, the NWTHC spent over \$107.3 million on housing operations in the NWT. In addition to this amount, we invested in capital projects that included the construction of 56 units and 101 major modernization and improvement projects. In investing in housing, we invest in our people, including community workers.



This past year's new construction delivery included the completion of a public housing 17 plex in Inuvik increasing the supply of much needed singles units, a seniors 9-plex in Fort McPherson, 8 additional market housing units for community workers and an additional 13 public housing replacements units delivered under the NWTHC's strategic partnership with the Inuvialuit Regional Corporation. To date, this partnership agreement with the IRC has resulted in the delivery of 27 new public housing replacement units within the Inuvialuit Settlement Region, with a remaining 7 housing units planned for 2020-2021.

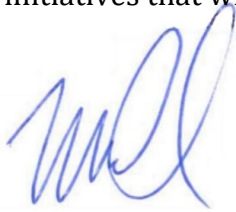
In addition, the NWTHC continues to work closely with the RCMP and the GNWT's Department of Justice to advance the delivery of 45 new housing units the Royal Canadian Mounted Police (RCMP). Having constructed and leased several units for the RCMP since the early 1990's, I am pleased that the RCMP has again reach out to the NWTHC and entrusted us with this major delivery to support the provision of policing services across the territory.

Community engagement is critical for our organization to provide housing. Whether it is through partnering with our Local Housing Organizations, or conducting Community Housing Plans, having that community engagement on housing is critical and we will be building on it moving forward.

We held the Northern Housing Summit in Inuvik at the beginning of the year, which helped set the tone for our focus on community engagement. Partners from all aspects of housing met and exchanged ideas and solutions to our housing situation and it was a great opportunity to seek and develop partnerships now that we have money coming in through the National Housing Co-investment Fund and the Community Housing Support Initiative. Our staff are on-hand to support any proponents that seek to increase housing options in the NWT.



We look forward to talking with our Indigenous and Community partners on opportunities and initiatives that will support the housing needs of northerners.



Tom R. Williams  
President & CEO

### 3. Corporate Profile

#### Mission Statement

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



#### Goals:

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

### 4. Corporate Structure

#### Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing

need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, municipal and Aboriginal governments to manage and administer community housing services in 33 communities.

### Branches

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

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

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

Finance and Infrastructure Services – The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Financial Planning Section, the Infrastructures Services Division and the Occupational Health and Safety (OH&S) Section.

The Finance and Administration Division – is responsible for the overall financial affairs of the NWTHC. 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 the NWTHC, including the annual business plan and main estimates, and on-going variance analysis and reporting.

The Infrastructure Services Division - is responsible for planning, designing and coordinating the delivery of the NWTHC'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 the NWTHC's housing portfolio.

The Occupational Health and Safety Section- is responsible for the corporate wide delivery and on-going modernization of the NWTHC'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 the NWT HC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that support the NWT HC's response to housing needs in the NWT, and to ensure a continuity of approach to program delivery and implementation.

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

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

#### North Slave District Office:

This District Office supports the communities of: Behchokò, Detah/N'dilo, Gamètì, Łutselk'e, Wekweètì, Whatì and Yellowknife.

#### South Slave District Office:

This District Office supports the communities of: Enterprise, Hay River, K'at'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, Samba K'e and Wrigley.

Sahtu District Office:

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

Beaufort-Delta District Office:

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

Local Housing Organizations (LHOs) – The NWT HC, in partnership with 23 LHOs, and community organizations, administers approximately 2,400 social housing units in 32 communities across the NWT. The LHOs, under agreement with the NWT HC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWT HC's district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWT HC, are responsible for the administration of Public and Affordable housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWT HC 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) and market housing units.

The following is a list of all 23 LHOs and the Yellowknife Dene First Nation that supports the delivery of the NWT HC's programs and services via a Housing Division:

Aklavik Housing Association	Łutselk'e Housing Authority
Behchokò Ko Gha K'òodèe	Norman Wells Housing Authority
Délı̄ne Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Providence Housing Association	Sachs Harbour Housing Association
Fort Resolution Housing Authority	Tsiigehtchic Housing Association
Fort Simpson Housing Authority	Tuktoyaktuk Housing Association
Fort Smith Housing Authority	Tulita Housing Association
Gamètì Housing Authority	Ulukhaktok Housing Association
Hamlet of Fort Liard	Whatì Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	Yellowknife Dene First Nation Housing Division



## **5. NWT HC Programs**

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

### Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWT HC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWT HC. The NWT HC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWT HC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 32 communities throughout the NWT.

### Market Housing and HELP

The NWT HC provides rental housing throughout the NWT through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program. In 2019-20 the NWT HC approximately had 220 units in the HELP program and approximately 190 units in the Market Housing Program. The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to rent units from the NWT HC at affordable standardized rents based on geographic zones. Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through STEP courses.

### STEP Program

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like

teachers and nurses. In order to support non-market communities, the NWTHC operates approximately 170 units under the Market Housing Program. Under the program, the NWTHC provides rental housing units at market rental rates intended to increase the availability of housing in smaller communities for community workers.

### Transitional Rent Supplement Program

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

### Homeownership

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

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents, and also meets the needs of seniors and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners. 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 the NWTHC is necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

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

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)
- Seniors Aging in Place
- Fuel Tank Replacement Initiative
- Community Housing Support Initiative

## STEP

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as their knowledge of the home purchase process, basic home maintenance and repairs. STEP courses are not only offered to NWT HC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

## PATH

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

## CARE

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

### CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to \$100,000 to carry out modifications to their home to improve accessibility and support independent living. Modifications must be directly related to the disability of the homeowner or a family member residing in the unit. Such modifications may include:

- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.

### CARE PM

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

## SAFE

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

## Seniors Aging in Place

The Seniors Aging-In-Place Retrofit Program provides a forgivable loan (over one year) to lower energy costs or for repairs so that seniors who own their homes can continue to live in their homes safely. Assistance of up to \$10,000 per fiscal year is available to assist seniors with energy efficient repairs/upgrades to their homes to make them less expensive to operate and more comfortable to live in so that they can live independently for as long as possible in their communities. In order to be eligible for this program you must be resident and homeowner of the Northwest Territories who is 60 years old, or older, and who has an income below the current Core Need Income Thresholds (CNITs) as posted on the NWT HC's website.



## Fuel Tank Replacement Initiative

Assistance of up to \$10,000 per life-time is available to existing homeowners to upgrade their aging aboveground fuel tanks. In order to be eligible for this program household income must be below CNIT.

## Community Housing Support Initiative

The NWT HC continues to pilot 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 housing for families, seniors and single member households.



## **NWTHC Homelessness Programs**

The NWTHC supports the Minister Responsible for Homelessness in a Secretariat role, monitoring and taking inventory of the numerous homelessness interventions taken across GNWT departments. The NWTHC also direct delivers its own homelessness programming, which ranges from capital support for shelters, fostering small community homelessness solutions and working with GNWT case managers and referral agents to help prevent homelessness.

### SEF (Shelter Enhancement Fund)

Recognizing that shelters often struggle to find resources for repairs, renovation or important equipment purchases, the NWTHC created the Shelter Enhancement Fund. This ongoing fund provides one-time funding for repairs and capital purchases based on proposals by shelter proponents. This fund supports shelters to maintain health and safety standards as well as to purchase important equipment and supplies to continue their operations.

### 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 NWTHC 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

The NWTHC 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 five emergency overnight shelters in the NWT: three in Yellowknife and two in Inuvik.

### 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 for 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, prevent tenants from being evicted or provide assistance for residents to return to more stable housing situations in their home community.

## Housing First

The NWT HC provides an ongoing contribution to support the sustainability of a 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, NWT HC 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 integration of individuals into the community. To date, the NWT HC is supporting four northern pathway projects in Aklavik, Fort Simpson, Behchokò and Fort Good Hope.



## Housing Stability Worker

Under the NWT HC Strategic Renewal, the NWT HC is piloting a new Housing Stability Worker program for Public Housing tenants in Behchokò to improve their tenancy skills and knowledge, increase housing stabilization. During 2019-2020, the Housing Stability Worker supported over 15 Public Housing households with a range of services including: home visits, support to increase good tenancy practices and housing knowledge, development of housing plans and system navigation support to access services required to stabilize their housing.

On a voluntary basis, the Housing Stability Worker works with participants to develop a housing plan. Housing Plans include the development of goals that may address financial literacy, employment, housing arrears, health and wellness, food security and is provided using a person-centered approach. The program is intended to increase participant's system navigation skills, tenancy knowledge, and collaboration between housing and existing service providers to address a range of social issues thought to affect housing instability. Referrals into the program are done through the Local Housing Office (LHO).

## 6. NWT HC Program Delivery in a Snapshot

### Homeownership Programs

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

#### Beaufort Delta District

Program Number of Programs	Number of Programs
CARE Major	5
CARE PM	68
CARE Mobility	0
Fuel Tank Replacement	10
HELP	1
PATH	2
SAFE	23
Seniors Aging In Place	43
Total	152

#### Nahendeh District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	20
CARE Mobility	0
Fuel Tank Replacement	3
HELP	0
PATH	1
SAFE	36
Seniors Aging In Place	13
Total	73

#### North Slave District

Program Number of Programs	Number of Programs
CARE Major	5
CARE PM	104
CARE Mobility	0
Fuel Tank Replacement	17
HELP	4
PATH	7
SAFE	58

Seniors Aging In Place	62
Total	257

Sahtu District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	46
CARE Mobility	0
Fuel Tank Replacement	14
HELP	2
PATH	0
SAFE	28
Seniors Aging In Place	11
Total	101

South Slave District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	50
CARE Mobility	0
Fuel Tank Replacement	8
HELP	1
PATH	0
SAFE	58
Seniors Aging In Place	12
Total	129

Total NWT

Program Number of Programs	Number of Programs
CARE Major	10
CARE PM	288
CARE Mobility	0
Fuel Tank Replacement	52
HELP	8
PATH	10
SAFE	203
Seniors Aging In Place	141
Total	712

## Public Housing Program

Expenditures for the Public Housing Program in 2019-2020 totaled approximately \$62 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2400 Public Housing units located in 32 communities throughout the NWT, which are managed by LHOs and community service agents.

## **7. RCMP Housing**

The RCMP provides contracted policing services in the Northwest Territories under the Territorial Police Service Agreement (TPSA) negotiated between the Government of the Northwest Territories (GNWT), as represented by the Minister of Justice, and the Government of Canada, as represented by Public Works and Government Services Canada (PWGSC).

The RCMP has been challenged historically with finding adequate housing for its Members in communities across the NWT. Recognizing the NWTHC's long-standing construction and leasing relationship with the RCMP, the RCMP reached out to the NWTHC for assistance to deliver an additional forty-five (45) market rental housing units for their Members. Under a legal Memorandum of Agreement (MOA) signed in June 2019 between the RCMP and the NWTHC, the NWTHC will deliver 6 units for Fort Smith, 3 units for Norman Wells, 17 units for Inuvik, 7 units for Fort Simpson and 12 units for Hay River. The additional lease revenue generated under this twenty-year agreement will assist the NWTHC in mitigating the continued decline in CMHC operational funding for public housing operations.

## **8. Community Housing Plans**



The Community Housing Plans project utilizes a partnership approach to co-develop housing plans with communities in the NWT. A Housing Plan is a strategic document that community members contribute to by providing information and input on housing in their community. The Housing Plan can be used to set a direction for potential investment opportunities in housing and support community leaders to make decisions on housing.

Prior to engaging in the planning process, all community leadership groups are invited to partner on the project, including municipalities and local Indigenous Governments. Together, the community leaders guide the planning process, verify community data, and prioritize housing projects. Whatì was the first community to complete a Housing Plan. The housing planning process in Whatì began on October 15, 2018 with a leadership meeting, resulting in the signing of an Agreement to Participate on November 19, 2018. Three community engagement trips were conducted, in December 2018, and February and July, 2019. Local facilitators were hired to assist in the planning work. Community members who worked on the plan included Whatì Community Government Councilor, Mike Nitsiza, as the lead facilitator, along with Jatonia Steinwand and Cindisa Smith-Zoe as facilitators. Kerry-Ann Franki, Manager of the Whatì Housing Authority, also offered her support in the project.

On December 17, 2019, the Whatì Community Government and the NWT HC held a Housing Forum event to bring together community leaders and partners to review the Whatì Housing Plan priorities and develop a timeline for actions moving forward. The forum provided an opportunity to celebrate the work accomplished by the community and build on the goals and actions. Partners from the Community Government, Tłıchǵ Government, NWT HC, and other GNWT departments came together in Whatì. On January 30, 2020, Minister Chinna, along with Chief Alfonz Nitsiza, announced the completion of the Community Housing Plan in Whatì. The Minister stated that:

“There is recognition across jurisdictions in Canada that the delivery of effective government housing programs and services requires more than efficient rent collection and housing maintenance. Improving housing in the NWT requires additional partnerships, leadership collaboration and to leverage precious resources.”

Chief Nitsiza recognized that the Housing Plan “is an important step in this process to strengthen the trust and relationships between communities and the Territorial government.” He stated that he was “pleased to see that the GNWT is recognizing the importance of community knowledge and decision making in meeting our housing needs.”

The health restrictions imposed amidst the COVID-19 pandemic has changed the process of the community housing plans, but staff is still working diligently to ensure that project proceeds efficiently. As stated by Community Housing Planner, Janelle Derksen: “the COVID-19 restrictions have limited the ability to travel into communities to work with locals on this project. However, the work continues with more focus on research and reporting as we prepare for the reopening of communities.”

Likewise, Derksen asserts that “We have adjusted to more phone and video conversations and are constantly trying new technologies to facilitate our discussions.”

Derksen said she found the collaborative approach of the community housing plan project to be one of the most rewarding aspects of the project, ensuring the needs of NWT residents are met. “The project involves coordinating with all levels of the NWT HC

including Headquarters, District Offices, and Local Housing Organizations. As part of this project we also collaborate with other GNWT departments and the Federal Government. In this work, we foster information sharing, welcome a diversity of perspectives, and build consensus with community leaders, residents, and partners. Collaboration is both a challenging and rewarding, it takes longer but it yields better results.” Many communities are in various stages of the housing planning process with Paulatuk and Fort Laird both near completion.

## **9. Northern Housing Summit**

A key event from the 2019-2020 year was the Northern Housing Summit hosted in Inuvik from April 23-24, 2019. The summit began with all parties embracing a collaborative approach across sectors to improve housing in NWT communities. Nellie Cournoyea was the keynote speaker for the first day. She gave a unique perspective on NWT history as a former NWT Premier and four-term MLA. Cournoyea’s address, which encouraged community-minded solutions, resonated with the crowd.

The first day also included mobile tours of various community housing assets in Inuvik. First, delegates were given a walking tour to the Inuvik Homeless Shelter. Subsequently, delegates took a bus ride through Inuvik to view current housing developments including a duplex, triplex and six-plex built by the Inuvialuit Regional Corporation and Nappaq Design and Construction and a 17-unit apartment building under construction by the NWTHC.

Day 1 of the summit was capped off in the evening with a reception hosted by the Minister at the Midnight Sun Complex. The reception provided delegates with an opportunity to network and foster relationships amongst stakeholders. Cultural entertainment was provided by the Inuvik Drum Dancers who, after numerous dances, invited delegates forward to learn some of the moves

The second day included a keynote speech from pre-eminent architect Douglas Cardinal, who is famous for incorporating Indigenous design elements into many of his projects during his long and distinguished career. Notable works by Cardinal include the Museum of History in Gatineau, Quebec, and National Museum of the American Indian in Washington, D.C. Mr. Cardinal explored the inspirations for his works and the role of Indigenous knowledge and culture as an integrated component in his much appreciated national and international architecture

Day two also featured several concurrent sessions focusing on various housing issues and topics. Concurrent sessions included an Indigenous housing panel, a green energy solutions panel, a panel on training future tradespersons, and a panel on housing for healthy communities. Furthermore, there was a trade show allowing various stakeholders to set up booths in the Main Hall. Organizations involved in the trade show included YYC Property Solutions, a private Calgary-based business that builds cost-saving, energy efficient, modular sustainable building solutions and Horizon North, a Canadian modular construction company. Moreover, representatives from the federal and territorial governments also participated in the trade show, with booths from the Department of

Education, Culture and Employment, the NWT HC, and the Canadian Mortgage and Housing Corporation (CMHC).

The summit concluded with closing remarks from Shane Thompson, the Member of the Legislative Assembly for Nahendeh and Chair of the Standing Committee on Social Development. Thompson expressed appreciation for the attendance and participation of all delegates. Similarly, the Minister Responsible for the NWT HC expressed gratitude for those in attendance, along with the presenters and panelists, for helping foster partnerships in the Northern housing sector.

Four key outcomes were identified from the summit. First, it provided communities, Indigenous organizations, industry, NGOs and other housing stakeholders with information on how to access investment opportunities, such as the Community Housing Support Initiative and the National Housing Co-Investment Fund. Second, the Summit stimulated the development of partnerships among housing stakeholders to empower individuals, organizations and communities to engage on key housing issues and initiatives. Third, the Summit gave housing stakeholders an opportunity to consider how to realize their housing aspirations and how to shape their communities by providing for the training of future tradespersons, incorporating green energy solutions, and planning for housing to support healthy communities. The final outcome was that the Summit created lasting relationships between stakeholders centred around common goals for improved housing in NWT communities.

#### **10. NWT HC Employee Profile: Tanice Turner**

Tanice Turner is currently the Senior Contracting Specialist, a position she has held since 2018. Located in the NWT HC's infrastructure division, Tanice is responsible for confirming contract payments in SAM, Purchase Orders, contracts change orders, maintaining Contract files, analyzing tenders, and ensure all documents have been submitted and are up-to-date. Our regional staff are also appreciative of the work Tanice does supporting our District staff regarding the contracting process.

Tanice has worked for the NWT HC in various roles since August 2003, when she was first hired in the finance division as a finance office. She would later move on to financial planning, from 2004 to 2018, working as a senior financial officer, before assuming her current role in the infrastructure division.

In contrast to her previous position with the corporation, Tanice has recognize her new role is much more hands on: "In my current position there is a learning curve with learning the Contract side of things I have the background and experience with the financial side for the contract. This position is more hands on to individual projects and working with the Senior project officers along with the contractors."



## **11. LHO Employee Profile: Alfonsine Gargan**

Thirty-three years in one business is a crowning achievement in any area, but in the area of social housing delivery, it speaks to the resilience and commitment of the person. Last year, Alphonsine Gargan, the Tenant Relations Officer for the Fort Providence Local Housing Association was feted for 33 years of exemplary service in the delivery of housing, especially for residents with low-to-modest incomes.

“When I started I was only looking for a temporary situation. Little did I know that I would be here so many years later, with a full career in delivering Public Housing.”

Tenant Relations Officers (TROs) are the primary facilitators and supports for Public Housing participants. They help residents with managing their payments as well as field questions on issues that they might have with the program or their unit. In some cases, TROs bring forward issues to their managers and to LHO boards to help resolve problems of clients.

“It’s been fulfilling, thinking about all the people that I have met and helped over the years. People really need these housing supports and I am grateful to have been able to contribute my share in helping people.”

## **12. LHO Employee Profile: Melvin Fortier**

“There aren’t a lot of houses in our stock that have been around longer than I’ve worked here.”

Melvin Fortier would know. He’s worked at the Fort Smith Housing Authority for thirty years. After 30 years as a Journeyman Carpenter with the LHO, he has literally and figuratively helped to build and support his community day in and day out.

In Fort Smith, when Public Housing participants have an issue with their unit or even if they just have questions, they know who can help them. Melvin knows his job well and understands the critical contribution that he provides.

“Providing safe and affordable housing is one of the most important services that we can provide for our communities.”

He has been a very valuable member of the team at the Fort Smith Housing Authority, which has been very lucky to have had his years of experience and wisdom to draw on. After thirty years of service, Melvin is moving on to a well-deserved retirement.

## **13. NWT HC Office Profile: South Slave District Office**

The South Slave District Office currently has nine staff members, responsible for delivering programs and services at the regional and community level in the South Slave District. The

South Slave District Office services 7 communities: Hay River, Fort Smith, Fort Providence, Fort Resolution, the K'atl'odeeche First Nation, Enterprise, and Kakisa.

The District Office works closely with the Local Housing Organizations in the region. There is a technical advisor and a program advisor assigned to each LHO. They provide program support and act as a technical resource and a resource to the board. District Director Joletta Larocque stated that “we hold quarterly teleconferences with the LHO managers and maintenance foreman to share information, ideas, and to get updates and emerging issues from the LHOs. This helps us be more proactive in addressing issues and providing assistance. Communication is key.” The district also maintains active communication with headquarters in Yellowknife, and “each staff member has key staff members in HQ that they communicate with regularly and use as a resource person.”

The District Office also works hard to engage with the communities and residents in the district. Staff members attend the annual Health Fairs in every community to promote programming and meet with local leadership when visiting communities. The district office offers presentations to community groups, such as seniors societies, to promote relevant programs.



Joletta stated that the South Slave is unique because “we have a large homeowner population compared to the rest of the Territories. So, this puts a high demand on our maintenance and repair programs.” Every community in the District is also accessible year-round by road, differentiating it from the other districts. The South Slave has a large senior’s population, with a large percentage of the public housing units allocated to seniors. The challenges regarding a large

seniors population has been addressed through a seniors housing strategy.

Homelessness in Hay River has been brought to light during the early months of COVID-19 restrictions. The NWT HC is working with the Hay River Committee for Persons with Disabilities to establish a Men and Women’s Homelessness Shelter.

There are concerns regarding a shortage of market rental in the district, especially in Fort Smith; this issue was exacerbated in March 2019 when there was fire at the Mackenzie Place High Rise in Hay River. The fire resulted in approximately 150 displaced residents. To address the high rise fire, short term leases were set up to house a number of families until they could find suitable accommodation, 5 modular units were brought to the community as market rentals, and the capital plan was accelerated for the KFN homeownership and public housing, 6 renovated units were transferred to KFN for

homeownership programs and 10 units are being used for public housing. To address the broader challenge of market rental shortages, Community Housing Agreements were signed with the Salt River First Nations to provide building packages. The district office has also been promoting the Co-Investment Fund to stakeholders in the communities and encouraging organizations, especially aboriginal governments to take advantage of the programs to develop housing in their communities.

The current district office staff has long service with the GNWT and many are set to retire. Jolenta states that “a priority over the past 5 years has been on succession planning. Junior staff have participated in the GNWT Management programs and are being mentored by senior staff so that they are ready when vacancies occur. This ensures continuity and avoids a reduction of services.”

#### **14. Project profile: Northern Pathways – Behchoko`**

One of the mandate priorities of the last Assembly was to advance affordable housing and address homelessness during the 18th Legislative Assembly. Addressing homelessness supports in communities outside of regional centres can be a challenge.

The Northwest Territories Housing Corporation is committed to developing innovative northern solutions to housing problems, and we have followed that approach with the Northern Pathways to Housing Program, an innovative approach to addressing homelessness in small communities.

We know there is homelessness in our communities. We know there are overcrowded houses where people couch-surf because they do not have a home of their own. Research tells us that the chances of addressing the issues that lead to homelessness - mental health, addictions and other social issues - are better when you have stable housing.

Under this program, we are working with community groups on the development, design and implementation of supportive housing for residents.

The community partner works with the program participants to maintain their housing stability and respond to their particular needs. This support includes connecting them with available services and resources from community agencies. The community partner chooses the program participants through a committee. The program allows the community to prioritize the needs that they see as the most urgent.

We were excited to open the Northern Pathways to Housing unit in Behchokò in June 2019. Through engagement with the Tłı̨chò Government and the Community Government of Behchokò the NWT HC has selected the Behchokò Friendship Centre to deliver the program in Behchokò. The NWT HC has provided four apartment-style single room units to community members, along with funding support to pay for the additional costs associated with the operation of a supportive housing program. The program has housed five community members so far, and we look forward to the program’s continued success.

**Appendix A:  
Management Discussion and Analysis  
Fiscal Year 2019-2020**

## Management Discussion and Analysis – Fiscal Year 2019/20

### Managing Risk / Pressures

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

### CMHC Funding

Base funding for social housing operations from CMHC is scheduled to decline to zero by 2038-2039. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government.

On April 1, 2018, the NWT HC and CMHC entered into a bilateral funding agreement in support of the National Housing Strategy that will provide an additional eight years (2019-2020 – 2027-2028) of federal funding in the amount of \$84.1 million. This funding will assist the NWT HC in responding to the territory's housing priorities, including helping to mitigate the continued decline in CMHC operational funding for social housing operations.



Another mitigation strategy that is now being implemented by the NWT HC is the expansion of the market rent program to accommodate RCMP Members stationed in various NWT communities. This major 45 housing unit initiative will not only increase the availability of affordable, adequate, and suitable market housing but will also contribute additional revenues to help offset CMHC's declining funding.

In the coming years, the NWT HC will continue to explore other cost avoidance and revenue generation measures to assist in mitigating these continued declines in CMHC operational funding.

### Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2014 NWT Community Survey*, is 19.8%. To assist in addressing this situation, the NWT HC continues to support capital investments to replace and retrofit older and less energy-efficient housing units. In addition to existing housing stock investment, the NWT HC continues to deliver a wide range of housing programs for private homeowners. For example, the Transitional Rent Supplement Program is utilized to address market rental challenges of the working poor 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**

The NWTTC 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, the NWTTC ensured the energy efficiency standards for new construction met, or exceeded, EnerGuide for Housing (EGH) 80 design standards. The NWTTC also continues to invest in energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy. Effective January 1, 2019, Natural Resources Canada has updated the EnerGuide Rating System. The new EnerGuide rating scale gives consumers a consumption-based rating measured in gigajoules per year (GJ/year). As was the case with the former EGH 80 design standard, the NWTTC will be ensuring its new unit construction satisfies this new EnerGuide Rating System.

### **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. As part of the annual capital planning process, the NWTTC continues to work closely with community governments, the GNWT's Department of Lands (DOL) and other private interests to secure land tenure for unit construction. The NWTTC's on-going unit demolition activities also assist in freeing up land for housing development.

## **Credit Risk**

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

Since 2012, to assist in improving overall collection rates, the NWTHC has continued to offer mortgage clients an opportunity to restructure their mortgages to access reduced interest rate opportunities.

## **COVID-19**

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place. As part of the NWTHC's COVID-19 response, the NWTHC has created temporary housing for homeless persons to self-isolate and prevent the spread of COVID-19. On March 25, 2020 the NWTHC signed a six month lease agreement with the federal government for the lease of 36 vacant units in Yellowknife at no cost. In addition, to help mitigate the risk of virus spread, the NWTHC accelerated the repair of vacant housing units to help house families and individuals now on the public housing wait list and to reduce instances of overcrowding in NWT communities.

Furthermore, recognizing that some tenants and mortgage and loan clients may be impacted by COVID-19 and unable to pay their rental and loan payments the NWTHC offered tenants and mortgage and loan clients an ability to enter into affordable re-payment plans to have their rental and loan payments fully re-paid at a later date.

The duration and impact of COVID-19 is unknown at this time. It is not possible to reliably estimate the impact that the severity and length of COVID-19 will have on the operations, financial results, and condition of the NWTHC in future periods.

## **Financial Results**

### **Revenues**

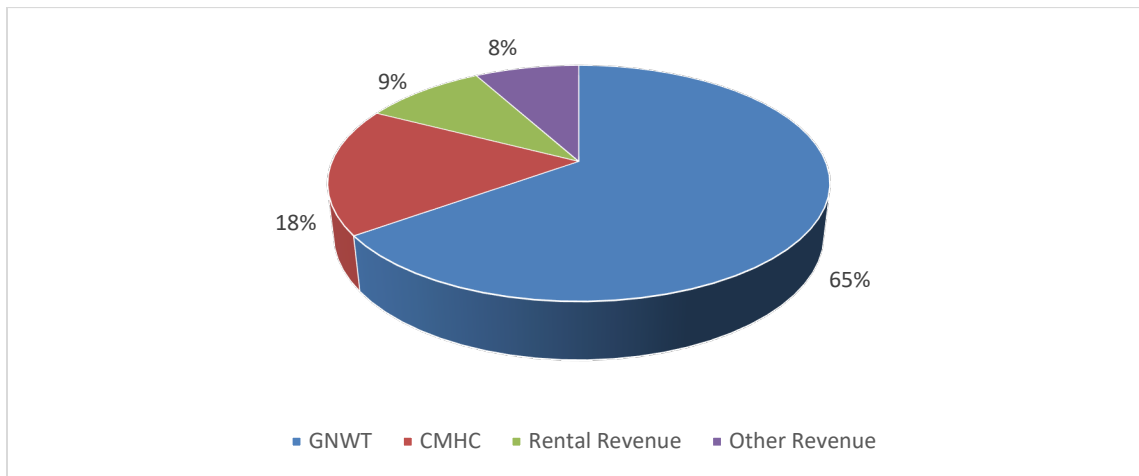
The total revenues for the NWTHC in 2019/20 were \$113.5 million, a decrease of \$8.6 million from the previous year's total of \$122.1 million.

Government funding from the GNWT, CMHC and other transfers decreased by \$9.3 million, from \$108.2 million to \$98.9 million. This net decrease is due to \$5.7 million reduction in other transfers revenue associated with units the Inuvialuit Regional Corporation (IRC) constructed for the NWTHC for the delivery of public housing, as well as a \$3.9 million



reduction in GNWT funding primarily explained by 2018-19 being the final year the NWT HC received incremental funding towards the RCMP 45 housing unit initiative.

Revenue generated from operations amounted to \$14.6 million in 2019/20, an increase of \$0.8 million over the \$13.8 million in revenue generated in 2018/19. This increase was primarily related to higher rental revenues associated with the delivery of addition market housing units in recent years.



## Expenses

The NWT HC's total expenses for 2019/20 were \$107.4 million, a \$7.9 million increase over the 2018/19 year's expenses of \$99.5 million. The cost of operating the Public Housing program this past year increased by approximately 0.9% which was relatively consistent with expenses in the prior year. The Public Housing program costs continue to be the largest component of the NWT HC's expenses, representing 57.7% of the annual expenses, including amortization.

Expenses for the HELP and market housing programs were \$9.6 million in 2019/20 including amortization, a \$2.5 million or 34.8% increase over the \$7.1 million expended in 2018/19. This increase is primarily explained by a \$1.1 million increase in amortization following a financial policy change to begin amortizing housing assets when completed as opposed to at the end of the fiscal year. In addition, there was a notable \$0.3 million increase in fuel costs this past year as a result of a colder winter and fuel rate increases. Finally, there was a \$0.4 million increase in maintenance costs associated with additional unit repairs required during the year.

Homeownership assistance grants were \$7.5 million in 2019/20, an increase of \$2.5 million or 49.3% over the previous year's amount of \$5.0 million. This funding provides homeownership grants and contributions to support increased homeownership units, and improvements to existing homeownership units. This increase in 2019/20 is primarily explained by an increased investment of \$1.7 million under the NWT HC's Community Housing Support Initiative program plus an additional \$0.9 million grant in kind related to



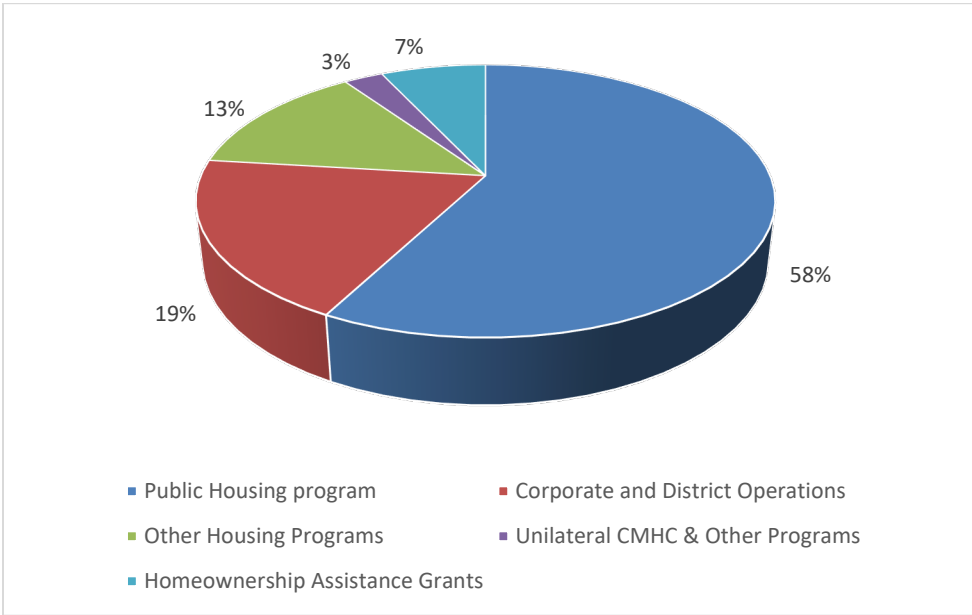
the transfer of six homeownership units to the K'atl'odeeche First Nation (KFN) to support the delivery of homeownership programming on the Reserve.

The Community Housing Support Initiative program supported a wide range of community housing projects this past year; such as: 16 additional single-room suites for the Yellowknife Women's Shelter, 2 new housing units for the Jean Marie River First Nation, a new housing unit for the Community of Whatì and the establishment of a new Men's Shelter in Fort Good Hope by the K'asho Got'ine Housing Society.

Homelessness assistance grants were \$3.6 million in 2019/20, an increase of \$2.3 million or 184% over previous year's amount of \$1.3 million. The increase is primarily related to \$2.2 million of new spending in the Emergency Shelters Program that was transferred to the NWT HC from the Department of Education, Culture and Employment (ECE) on April 1, 2019.

The NWT HC expensed \$20.5 million on corporate and district operations in 2019/20, a decrease of \$0.7 million or 2.9% from the \$21.2 million expended in 2018/19. Costs include program development and delivery and technical and administrative support at the district office and headquarters. This decrease is primarily attributable to decreased compensation and benefits expenses associated with the transfer of the NWT HC in-house Information Systems and Information Technology staff to the Department of Finance's central Information Shared Services Centre effective April 1, 2019.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and NWT HC's own source revenues. During the year, revenues, including NWT HC generated revenues, exceeded expenses resulting in an annual surplus of \$6.1 million. Annual surpluses support the NWT HC's capital investments and housing programming.



## Financial Position

The NWT HC continued to maintain a sound financial position in 2019/20, with net financial assets of \$74.4 million. This amount includes the net financial assets of both the NWT HC and the 23 consolidated Local Housing Organizations.



The NWT HC recognizes the importance of having its available net financial assets reinvested in a timely manner and has set out a reinvestment plan that will see these available resources utilized to address current contractual obligations as well as approved carryover capital projects and to complete the implementation of a wide range of previously approved priority housing projects and initiatives (designated assets).

The requirement for the NWT HC to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to the delivery of the NWT HC's \$36.6 million of capital carryover projects in 2020 as per Note 17 to the 2019/20 Consolidated Financial Statements and to mitigate financial risk associated with the \$8.2 million third party loans (Note 18 to the 2019/20 Consolidated Financial Statements) that the NWT HC administers on behalf of the CMHC. The NWT HC indemnifies and holds harmless the CMHC from all losses, costs, and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The NWT HC has also provided loan guarantees to private sector companies and households in support of new construction or improvements in residential housing across the north. The total outstanding balance of loans guaranteed was \$0.4 million, as at March 31, 2020.

The cash and cash equivalents balance of \$45.3 million (\$47.8 million at March 31, 2019) represents the March 31, 2020 bank balance and short-term investments categorized as cash equivalents for 23 LHOs and the NWT HC. The NWT HC invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2020, \$43.4 million (\$43.1 million at March 31, 2019) was invested in portfolio investments with a weighted average rate of return of 2.18%.



As of March 31, 2020, \$45.2 million of these cash reserves and portfolio investments have been designated (\$39.6 million in 2018/19) by the Minister responsible for the Corporation to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs.

Since 2012, the NWT HC 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 \$3.5 million as at March 31, 2019, to \$3.1 million as at March 31, 2020 as the principal balances continue to be paid.

### **Investment in Housing**

As at March 31, 2020, the NWT HC had \$319.5 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 rental, and market rental units. During the year, the NWT HC acquired \$22.9 million in tangible capital assets, including a \$5.1 million transfer received from the Inuvialuit Regional Corporation (IRC) representing the value of the housing units constructed by the IRC on behalf of the NWT HC during 2019-20.

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Revenues</b>					
GNWT	85.8	81.6	74.9	77.8	73.9
CMHC	17.3	28.7	25.1	19.5	19.9
Other	12.6	12.2	17.6	25.0	19.7
<b>Total Revenues</b>	<b>115.7</b>	<b>122.5</b>	<b>117.9</b>	<b>122.1</b>	<b>113.5</b>
<b>Expenses</b>					
Public Housing Programs	54.0	53.2	50.8	50.0	51.4
Other Housing Programs	7.7	8.3	9.9	9.3	13.1
Homeownership Assistance Programs	2.9	2.5	2.7	5.0	7.5
Impairment/Disposal Loss on TCAs	0.6	-	0.5	0.7	0.5
Amortization <sup>1</sup>	12.8	12.6	13	14.3	14.5
Administrative, Program, and Technical Services	19.8	18.5	20.5	20.2	20.4
<b>Total Expenses</b>	<b>97.8</b>	<b>95.1</b>	<b>97.4</b>	<b>99.5</b>	<b>107.4</b>
<b>Annual Surplus (Deficit)</b>	<b>17.9</b>	<b>27.4</b>	<b>20.5</b>	<b>22.6</b>	<b>6.1</b>

<sup>1</sup> Amortization reported separately

**Appendix B:  
Independent Auditor's Report and  
Consolidated Financial Statements**



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 Housing Corporation

### *Opinion*

We have audited the consolidated financial statements of the Northwest Territories Housing Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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.



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

Edmonton, Canada  
27 August 2020



**Northwest Territories Housing Corporation**  
**Consolidated Financial Statements**  
**March 31, 2020**

## 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 the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

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

On behalf of the Northwest Territories Housing Corporation



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Tom R. Williams  
President and CEO



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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Financial Position As at March 31, 2020 (in thousands)

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 45,274	\$ 47,837
Portfolio investments (Note 5)	43,394	43,081
Accounts receivable (Note 6)	11,897	10,359
Mortgages and loans receivable (Note 7)	3,075	3,497
	<u>103,640</u>	<u>104,774</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	19,659	20,269
Deferred revenue	409	404
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 9)	5,858	6,455
Environmental liabilities (Note 10)	558	513
Retirement, post-employment, and other leave benefits (Note 11)	2,766	2,740
	<u>29,250</u>	<u>30,381</u>
<b>Net financial assets</b>	74,390	74,393
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	319,498	313,227
Inventories held for use	2,568	2,671
Prepaid expenses	70	86
	<u>322,136</u>	<u>315,984</u>
<b>Accumulated surplus</b>	<u>\$ 396,526</u>	<u>\$ 390,377</u>
Contractual rights, obligations and contingencies (Notes 16, 17 and 18)		

Approved by:



\_\_\_\_\_  
Hon. Paulie Chinna  
Minister Responsible for the  
Northwest Territories Housing Corporation



\_\_\_\_\_  
Tom R. Williams  
President and CEO

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

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2020 (in thousands)

	2020 Budget	2020 Actual	2019 Actual
<b>Net financial assets, beginning of the year</b>	\$ 74,393	\$ 74,393	\$ 71,848
Items affecting net financial assets:			
Annual (deficit) surplus	(4,742)	6,149	22,618
Acquisition of tangible capital assets	(18,206)	(21,937)	(35,511)
Amortization	15,632	14,528	14,265
Proceeds from disposal of tangible capital assets	-	97	256
Loss from disposal of tangible capital assets	-	492	704
Write-down of tangible capital assets	-	-	29
Grants in kind	-	549	-
Acquisition of inventories held for use	-	(1,090)	(1,350)
Consumption of inventories held for use	-	1,193	1,336
Acquisition of prepaid expenses	-	(59)	(79)
Consumption of prepaid expenses	-	75	277
(Decrease)/Increase in net financial assets	(7,316)	(3)	2,545
<b>Net financial assets, end of the year</b>	\$ 67,077	\$ 74,390	\$ 74,393

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

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

(in thousands)

	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>			
Government funding:			
Government of the Northwest Territories	\$ 70,363	\$ 73,889	\$ 77,786
Canada Mortgage and Housing Corporation (CMHC) (Note 12)	17,408	19,854	19,526
Other Transfers (Note 21)	<u>-</u>	<u>5,191</u>	<u>10,935</u>
	<u>87,771</u>	<u>98,934</u>	<u>108,247</u>
Generated revenues:			
Rental revenue	9,688	10,673	10,048
Recoveries from mortgages and loans (Note 7)	475	508	921
Income from portfolio investments	691	1,666	1,570
Gain on disposal of tangible capital assets	-	-	62
Other revenue and recoveries	419	1,594	1,114
Interest revenue on mortgages and loans	<u>120</u>	<u>111</u>	<u>114</u>
	<u>11,393</u>	<u>14,552</u>	<u>13,829</u>
	<u>99,164</u>	<u>113,486</u>	<u>122,076</u>
<b>Expenses (Note 19)</b>			
Public housing program (Note 13)	66,258	62,073	61,433
Unilateral CMHC programs and other programs	2,465	2,807	2,516
HELP and market housing (Note 14)	6,720	9,565	7,098
Non-residential building operations	302	1,054	695
Rent subsidy program	600	260	247
Homelessness fund program	2,991	3,601	1,268
Homeownership assistance grants	7,347	7,511	5,030
Corporate and district operations (Note 15)	<u>17,223</u>	<u>20,466</u>	<u>21,171</u>
	<u>103,906</u>	<u>107,337</u>	<u>99,458</u>
<b>Annual (deficit) surplus</b>	<u>\$ (4,742)</u>	<u>\$ 6,149</u>	<u>\$ 22,618</u>
<b>Accumulated surplus, beginning of year</b>	<u>390,377</u>	<u>390,377</u>	<u>367,759</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 385,635</u>	<u>\$ 396,526</u>	<u>\$ 390,377</u>

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Cash Flow For the year ended March 31, 2020 (in thousands)

	2020	2019
<b>Operating transactions</b>		
Annual surplus	\$ 6,149	\$ 22,618
Items not affecting cash:		
Amortization	14,528	14,265
Other transfers	(5,146)	(10,935)
Write-down of tangible capital assets	-	29
Loss from disposal of tangible capital assets	492	704
Grant in kind	549	-
Non-cash portfolio investment income	60	50
Non-cash mortgage funding	(171)	(105)
Change in valuation allowance for doubtful accounts	22	(118)
Change in valuation allowance for mortgages and loans receivable	<u>(100)</u>	<u>(563)</u>
	10,234	3,327
Change in non-cash assets and liabilities:		
Change in accounts receivable	(1,538)	3,072
Change in inventories held for use	103	(14)
Change in prepaid expenses	16	198
Change in accounts payable and accrued liabilities	(1,619)	(775)
Change in deferred revenue	5	44
Change in environmental liabilities	45	52
Change in retirement, post-employment, and other leave benefits	<u>26</u>	<u>(157)</u>
	<u>(2,962)</u>	<u>2,420</u>
Cash provided by operating transactions	<u>13,421</u>	<u>28,365</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(15,629)	(23,455)
Proceeds from disposal of tangible capital assets	<u>97</u>	<u>256</u>
Cash used for capital transactions	<u>(15,532)</u>	<u>(23,199)</u>
<b>Financing transactions</b>		
Repayment of loans payable to CMHC	<u>(597)</u>	<u>(1,801)</u>
Cash used for financing transactions	<u>(597)</u>	<u>(1,801)</u>

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Cash Flow (continued) For the year ended March 31, 2020 (in thousands)

	<u>2020</u>	<u>2019</u>
<b>Investing transactions</b>		
Acquisition of portfolio investments	(277)	(206)
Repayments of mortgages and loans receivable	<u>422</u>	<u>782</u>
Cash provided by investing transactions	<u>145</u>	<u>576</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(2,563)</u>	<u>3,941</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>47,837</u>	<u>43,896</u>
<b>Cash and cash equivalents at end of the year</b>	<u>\$ 45,274</u>	<u>\$ 47,837</u>

Total interest paid during the year was \$398 (2019 - \$488).

Total interest received during the year was \$1,423 (2019 - \$1,343).

Interest received includes interest revenue on mortgages and loans and interest revenue included in income from portfolio investments.

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 1. PURPOSE OF THE ORGANIZATION

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

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

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

#### Measurement uncertainty

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

#### Reporting entity

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



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Reporting entity (continued)

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

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

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

#### Revenue recognition

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

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the 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, including funding provided by the Government and CMHC, are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. 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.

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

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Programs

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

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

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

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

##### c) Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. 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 or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 7).

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

#### Cash and cash equivalents

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

#### Portfolio investments

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

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

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Mortgages and loans receivable (continued)

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

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

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

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

#### Loan guarantees

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible capital assets

##### a) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing materials are also recorded at cost and included in construction in progress.

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

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

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.

##### b) Property and equipment

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

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

#### Inventories held for use

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

#### Employee future benefits

##### a) Pension benefits

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Employee future benefits (continued)

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

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

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

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

Behchokö Kö Gha K'òodèe	Inuvik Housing Authority
Deline Housing Association	Lutsel K'e Housing Authority
Fort McPherson Housing Association	Radlilh 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.

#### Environmental liabilities

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

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

The liability is recognized net of any expected recoveries.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Related party transactions

The Corporation 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 the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

#### a) 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.

#### b) Other related party transactions

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

#### c) Services provided without charge

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

#### Future accounting changes

Effective April 1, 2022, the Corporation will be required to adopt PS 3280 Asset Retirement Obligations. This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation is currently assessing the potential future impact of this standard.

Effective April 1, 2023, the Corporation will be required to adopt PS 3400 Revenue. This standard provides guidance 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 Corporation is assessing the impact of this standard however does not expect the adoption will have a significant impact on the financial statements.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 3. DESIGNATED ASSETS

As of March 31, 2020, the Minister responsible for the Corporation has designated cash and portfolio investments of \$45,229 (2019 - \$39,591) to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs:

#### **Public Housing \$6,768 (2019 - \$2,060)**

To accelerate vacant housing unit repairs in 2021 to reduce public housing waitlists and overcrowding situations in communities, mitigating the risk of COVID-19 virus spread. Support additional investment in fuel tank replacements for the Corporation's housing stock between 2021 to 2024. Fund additional public housing modernization and improvement projects in 2022 and support the delivery of biomass projects in Yellowknife and Aklavik over the next two years.

#### **HELP and Market Housing \$23,766 (2019 - \$26,531)**

Pursuant to the Memorandum of Agreement between the Corporation and the Royal Canadian Mounted Police, the Corporation plans to provide 45 housing units for lease by 2022.

#### **Homelessness \$3,840 (2019 - \$3,330 )**

To deliver additional homelessness support services and safety supplies to assist with the government's COVID-19 response in 2021. Complete the development of community housing plans over the next three years, extend the rapid rehousing program in 2021 and to resource three new initiative positions for the next four years (Housing Stability Worker, Homelessness Program Officer and Community Housing Planner).

#### **Homeownership \$10,855 (2019 - \$7,670 )**

To fund the rent supplement program for 2021 and cost share the National Canada Housing Benefit program for the next four years. To provide additional funding to the Community Housing Support Initiative program for the years 2022 to 2024 and a contribution in 2023 to Habitat for Humanity NWT. Support the construction of two new multi-generational homes for the New Home Program over the next two years. To renovate up to 60 existing public housing units over the next three years for the sale of public housing (lease to own) program and to complete up to 50 lot surveys within the next three years to convert equity leases to fee simple title.

### 4. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,788 (2019 - \$2,713) which are also included in accounts payable and accrued liabilities (Note 8).

	2020	2019
Cash	\$ 26,745	\$ 20,525
Short-term investments	<u>18,529</u>	<u>27,312</u>
	<u>\$ 45,274</u>	<u>\$ 47,837</u>

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

#### 5. PORTFOLIO INVESTMENTS

Issuer	2020			2019
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Banker's acceptances, fixed rate	1% to 2%	< 1 year	\$ 13,707	\$ -
Banker's acceptances, fixed rate	1% to 1.25%	1 to 2 years	473	11,526
Banker's acceptances, fixed rate	2.10% to 2.25%	2 years	14,484	16,885
Banker's acceptances, fixed rate	1.20% to 2.85%	6 years	12,350	12,350
Provincial government bonds, fixed rate	2.30%	< 1 year	991	968
Ontario Hydro Zero Coupon Bonds, fixed rate	2.70%	3 years	<u>1,389</u>	<u>1,352</u>
			<u>\$ 43,394</u>	<u>\$ 43,081</u>

The weighted average effective yield of this portfolio was 2.18% (2019 – 2.18%). Investments in bankers' acceptances are investments with terms to maturities of greater than 90 days. Fair value of investments was \$43,218 (2019 – \$42,622).

#### 6. ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts receivable	\$ 4,900	\$ 4,350
Tenant rents receivable	<u>12,277</u>	<u>11,819</u>
	17,177	16,169
Less allowance for doubtful accounts	<u>(11,872)</u>	<u>(11,548)</u>
	5,305	4,621
Receivables from CMHC	6,283	5,657
Receivables from related parties:		
Government of the Northwest Territories	<u>309</u>	<u>81</u>
	<u>\$ 11,897</u>	<u>\$ 10,359</u>

Of the allowance for doubtful accounts balance disclosed above, \$950 (2019 - \$980) relates to trade accounts receivable and \$10,922 (2019 - \$10,568) relates to tenant rents receivable.



## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

#### 7. MORTGAGES AND LOANS RECEIVABLE

##### Mortgages and loans receivable

	2020	2019
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 365	\$ 409
Mortgages based on Income Assessment before valuation allowance of \$119 (2019 - \$316), repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	137	336
Loans based on Income Assessment before valuation allowance of \$2,926 (2019 - \$3,362), repayable in monthly installments at an interest rate varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,180	3,480
Restructured mortgages before valuation allowance of \$874 (2019 - \$738), repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	1,158	1,071
Restructured loans before valuation allowance of \$5,619 (2019 - \$5,573), repayable in monthly installments at interest rates varying between 0.00% and 7.20%, unsecured, with a term over a maximum of 25 years	7,773	8,190
Mortgages and loans receivable	12,613	13,486
Less allowance for impaired mortgages and loans receivable	(9,538)	(9,989)
	\$ 3,075	\$ 3,497

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$674 (2019 - \$571). There were no write-offs in the current year (2019 - none).

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

	2020	2019
Recoveries on impaired mortgages and loans	\$ 464	\$ 491
Adjustment to allowance for impaired mortgages and loans	(172)	236
Recoveries from conditional grants (Note 2)	216	194
	\$ 508	\$ 921

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables	\$ 8,535	\$ 8,322
Contractor holdbacks	2,063	2,281
Tender and security deposits	401	445
Wages and employee benefits	1,984	1,965
Accrued interest	89	110
Damage deposits	2,387	2,268
Payables to related parties:		
Government of the Northwest Territories	4,200	4,878
	\$ 19,659	\$ 20,269

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

	2020		2019	
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2021 to 2038, at interest rates from 5.94% to 19.00% (2019 - 5.94% to 19.00%).	\$ 20,884	\$ (20,884)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2019 - 6.97%). These loans are guaranteed by the Government.	11,008	(6,115)	4,893	5,359
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 1.05% to 3.13%, (2019 - 1.05% to 3.13%).	965	-	965	1,096
	\$ 32,857	\$ (26,999)	\$ 5,858	\$ 6,455

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,183 (2019 - \$3,313) and would have made additional principal long-term debt repayments to CMHC of \$1,406 (2019 - \$1,363).

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
2021	\$ 585	\$ 370	\$ 955
2022	620	335	955
2023	658	297	955
2024	698	257	955
2025	713	214	927
2026-2030	2,319	472	2,791
2031-2038	<u>265</u>	<u>32</u>	<u>297</u>
	<u>\$ 5,858</u>	<u>\$ 1,977</u>	<u>\$ 7,835</u>

### 10. ENVIRONMENTAL LIABILITIES

The Corporation has identified nine fuel spills sites and no other contaminated site (2019 - eight fuel spills sites and no other contaminated site) for which an environmental liability has been recorded. One site was fully remediated during the year and two new sites identified. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The sites are expected to be remediated within the two years subsequent to year end. The estimated amount of recoveries is nil (2019 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

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

#### Pension benefits

Employees of the Corporation participate in Canada's Public Service Pension Plan (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 legislation; they are not based on the financial status of the pension plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

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 age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017. The Corporation contributed \$1,233 (2019 - \$1,333) to the Public Service Pension Plan. The employees' contributions to this plan were \$1,134 (2019 - \$1,207). Total contributions were recognized as an expense in the current year.

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

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

#### Other employee future benefits and compensated absences

In addition to pension benefits, the Corporation 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 Corporation's employees based on the type of termination (e.g. resignation versus retirement) and 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.

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

#### Valuation results

The most recent actuarial valuation was completed as at March 31, 2020. This valuation was based on data completed as at February 15, 2019 that has been extrapolated to year-end. The effective date of the next actuarial valuation is March 31, 2022. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

<b>Changes in Obligation</b>	<b>2020</b>	<b>2019</b>
Accrued benefit obligation, beginning of year	\$ 2,907	\$ 2,421
Current period benefit cost	400	443
Accrued interest	45	41
Benefits payments	(425)	(578)
Actuarial (gains)/loss	<u>(418)</u>	<u>580</u>
Accrued benefit obligation, end of year	2,509	2,907
Unamortized net actuarial (gain)/loss	<u>257</u>	<u>(167)</u>
Retirement, post-employment, and other leave benefits*	<u>\$ 2,766</u>	<u>\$ 2,740</u>

\*Total retirement, post-employment, and other leave benefits includes \$2,539 (2019 – \$2,460) related to severance and removal and \$227 (2019 – \$279) related to compensated absences.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

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

Benefits Expense	2020	2019
Current period benefit cost	\$ 400	\$ 443
Accrued interest	45	41
Actuarial losses (gains)	<u>6</u>	<u>(63)</u>
	<u>\$ 451</u>	<u>\$ 421</u>

The discount rate used to determine the accrued benefit obligation is an average of 2.70% (2019 - 3.20%). The assumed rate of compensation increase is 2% (2019 - 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2019 - 8 years). No inflation rate was applied.

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

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2019 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$420 and \$420 (2019 - \$416 and \$416 respectively).

The plan serves 1,930 Employee Members and 111 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the *Pension Benefits Standards Act* (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the *NEBS Pension Plan Protection Act* in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2019, the plan had a surplus of \$42,537 (December 31, 2018 - \$15,124).

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

	<u>2020</u>	<u>2019</u>
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement (Note 16):		
Contributions for public housing rental subsidies	\$ 8,840	\$ 8,936
Contributions to non-profit housing sponsor groups and cooperatives	3,722	3,892
Repairs, maintenance and other costs	1,223	1,258
Investment in Affordable Housing Agreement	-	1,840
Northern funding agreement	-	3,600
Bilateral Agreement (Note 16)	<u>6,069</u>	<u>-</u>
	<u>\$ 19,854</u>	<u>\$ 19,526</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

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

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

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11,627 three year agreement amalgamated two existing agreements between the Corporation and CMHC: the Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement was utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18,400. Both parties to the Agreement provided a total of \$14,720 over the eight year period from 2011/2012 to 2018/2019.

On April 1, 2018 the Corporation and CMHC signed the 2018/19 Northern Funding Agreement under the Investment in Affordable Housing Agreement. This \$3,600 one year agreement provided bridge funding for social housing until the new Northern Housing Strategy Agreement was fully implemented.

On April 1, 2018, the Corporation signed the Bilateral Agreement under the 2017 National Housing Strategy. 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 2019-2022 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.

### 13. PUBLIC HOUSING

	2020	2019
Utilities, taxes, land and rental housing leases	\$ 29,852	\$ 28,953
Repairs, maintenance and other costs	7,528	6,713
Compensation and benefits	11,978	11,430
Administration	993	1,063
Contribution for public housing	649	826
Interest on long-term debt	372	406
Amortization	10,392	11,440
Loss from disposal of tangible capital assets	309	573
Write-down of tangible capital assets	-	29
	\$ 62,073	\$ 61,433

### 14. HELP AND MARKET HOUSING

	2020	2019
Utilities, taxes, land and rental housing leases	\$ 1,914	\$ 1,212
Repairs, maintenance and other costs	1,084	770
Compensation and benefits	2,643	2,611
Contribution for affordable housing	226	-
Amortization	3,472	2,374
Loss from disposal of tangible capital assets	226	131
	\$ 9,565	\$ 7,098

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 15. CORPORATE AND DISTRICT OPERATIONS

	<b>2020</b>	<b>2019</b>
Compensation and benefits	\$ 14,539	\$ 15,422
Building and equipment rentals	2,444	2,433
Professional and special services	1,598	1,283
Training and workshops, travel and other support	1,066	1,104
Computer services	87	96
Material and supplies	317	369
Communications	300	246
Amortization	115	218
	\$ 20,466	\$ 21,171

### 16. CONTRACTUAL RIGHTS

	<b>Expiry Date</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026+</b>	<b>Total</b>
CMHC SHA	2039	\$ 13,391	\$ 12,814	\$ 11,868	\$ 11,068	\$ 9,659	\$ 42,258	\$101,058
CMHC Bilateral	2028	6,195	7,014	8,016	8,450	10,090	38,278	78,043
		\$ 19,586	\$ 19,828	\$ 19,884	\$ 19,518	\$ 19,749	\$ 80,536	\$179,101

In addition to the contractual rights disclosed in the table above, on June 24, 2019 the Corporation and RCMP entered into a framework agreement that the Corporation shall construct and lease to the RCMP 45 housing units. Under the framework agreement, 20 year individual leases will be signed upon delivery of the units, at which a contractual right will be recognized. Due to the COVID-19 outbreak (Note 23), the timing of construction completion is difficult to estimate.

### 17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental.

	<b>Expiry Date</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026+</b>	<b>Total</b>
Lease	2029	\$ 3,723	\$ 3,439	\$ 3,246	\$ 2,604	\$ 1,311	\$ 1,193	\$ 15,516
Capital obligation	2021	7,174	-	-	-	-	-	7,174
		\$ 10,897	\$ 3,439	\$ 3,246	\$ 2,604	\$ 1,311	\$ 1,193	\$ 22,690

In addition to the contractual obligation disclosed in the table above, the Minister has approved \$36,593 in capital carryovers expected to be expended in 2021 for capital projects. Of the capital carryovers approved, \$7,174 are recognized contractual obligations as they have signed contracts. The remaining \$29,419 do not yet have signed contracts and, therefore, do not meet the definition of a contractual obligation.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2020 a total of 9 (2019 - 13) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$380 (2019 - \$555). In 2020, one of these loans was a corporate loan guarantee with a total outstanding balance of \$12 (2019 - \$30). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2020 was \$8,203 (2019 - \$12,389), including \$367 (2019 - \$446) to a related party Hay River Community Health Board. The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2020 is nil (2019 - nil).

### 19. EXPENSES BY OBJECT

	2020	2019
Amortization (schedule A)	\$ 14,528	\$ 14,265
Compensation and benefits	29,203	29,568
Computer costs	91	103
Contract services	6,006	5,563
Controllable assets	95	73
Fees and payments	260	225
Grants and contributions	14,944	9,589
Housing operations and maintenance	36,591	34,438
Interest on long-term debt	398	463
Loss from disposal of tangible capital assets	535	704
Materials and supplies	2,479	2,523
Other expenses	624	729
Purchased services	792	657
Travel	868	884
Valuation allowances	(77)	(355)
Write-down of tangible capital assets	-	29
	\$ 107,337	\$ 99,458

### 20. FINANCIAL RISK MANAGEMENT

The Corporation'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. The Corporation has exposure to the following risks from its use of financial instruments:



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 20. 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. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

Financial Liabilities	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 19,659	\$ -	\$ -	\$ 19,659
Loans payable to CMHC	<u>585</u>	<u>2,689</u>	<u>2,584</u>	<u>5,858</u>
Total financial liabilities	<u>\$ 20,244</u>	<u>\$ 2,689</u>	<u>\$ 2,584</u>	<u>\$ 25,517</u>

#### Credit risk

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

##### Cash and cash equivalents and portfolio investments

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$61,923 (2019 - \$70,393).

##### Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$11,897 (2019 - \$10,359).

##### Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$3,075 (2019 - \$3,497).

As at March 31, 2020, \$953 (2019 - \$1,059) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The fair value of the security is not readily determinable.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

### 20. FINANCIAL RISK MANAGEMENT (continued)

As at March 31, 2020, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days
Tenants rent receivable	\$ 242	\$ 238	\$ 8	\$ 516
Trade accounts receivable	59	54	22	449
Mortgages and loans receivable	157	9	244	265

#### Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Because the Corporation accounts for its fixed rate instruments at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these fixed rate instruments.

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

Term						Carrying Value	
	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2020	2019
Portfolio							
Investments	\$ 14,698	\$ 473	\$ 15,873	\$ 12,350	\$ -	\$ 43,394	\$ 43,081

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

### 21. OTHER TRANSFERS

In accordance with agreements signed in 2017 and 2018, the Corporation has and will receive public housing units from the Inuvialuit Regional Corporation (IRC). The IRC constructs the units on land owned or leased by the Corporation using funding provided directly to the IRC by Indigenous and Northern Affairs Canada. The units are transferred to the Corporation on completion for a nominal fee. The Corporation 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 constructed and transferred to the Corporation five public housing units (2019 - four units) with two units still under construction (2019 - seven units).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

### 22. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in these financial statements, some employees of the Corporation are paid by the Government. The Corporation reimburses the Government for these costs which are incurred on the Corporation's behalf. Reimbursements are measured at the exchange amount and are included in compensation and benefits expenses. During the year, the Corporation reimbursed the Government for \$14,539 (2019 - \$15,422).

### 23. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place. As part of the Corporation's COVID-19 response, the Corporation has created temporary housing for homeless persons to self-isolate in an effort to reduce the spread of COVID-19. In addition, to help mitigate the risk of virus spread, the Corporation has accelerated the repair of vacant housing units to help house families and individuals now on the public housing wait list and to also reduce instances of overcrowding in NWT communities.

Furthermore, recognizing that some tenants and mortgage and loan clients may be impacted by COVID-19 and unable to pay their rental and loan payments the Corporation has offered tenants and mortgage and loan clients an ability to enter into affordable re-payment plans to have their rental and loan payments fully re-paid at a later date. Due to the timing of these announcements, which occurred late in 2019-2020 fiscal year, it had no impact on the current year.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact on the operations, financial results and condition of the Corporation in future periods.

### 24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. Prior year homeownership contribution was included in Housing operations and maintenance in expense by object (Note 19), which was reclassified into grants and contributions in current year to better reflect nature of expenses.

### 25. BUDGETED FIGURES

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Schedule of Tangible Capital Assets

As at March 31, 2020

(in thousands)

Schedule A

### Lands and Buildings:

	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance	Acquisitions	Write-downs and Transfers <sup>1</sup>	Disposals <sup>3</sup>	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2020	2019
Land Public Housing <sup>2</sup>	\$ 8,977	\$ -	\$ 372	\$ -	\$ 9,349	\$ -	\$ -	\$ -	\$ -	\$ 9,349	\$ 8,977
HELP and market housing	351,304	51	38,062	(936)	388,481	167,232	10,101	(653)	176,680	211,801	184,072
Non-residential properties	96,108	-	4,061	(1,370)	98,799	29,306	3,472	(515)	32,263	66,536	66,802
Work in Progress <sup>2</sup>	8,246	-	-	-	8,246	3,783	223	-	4,006	4,240	4,463
	41,103	21,482	(43,236)	-	19,349	-	-	-	-	19,349	41,103
<b>Sub-total</b>	<b>505,738</b>	<b>21,533</b>	<b>(741)</b>	<b>(2,306)</b>	<b>524,224</b>	<b>200,321</b>	<b>13,796</b>	<b>(1,168)</b>	<b>212,949</b>	<b>311,275</b>	<b>305,417</b>
<b>Property and equipment:</b>											
Warehouses and offices	12,408	-	482	-	12,890	6,133	326	-	6,459	6,431	6,275
Mobile equipment	2,990	404	-	-	3,394	2,062	226	-	2,288	1,106	928
Leasehold improvements	771	-	259	-	1,030	748	30	-	778	252	23
Office furniture and equipment	6,073	-	-	-	6,073	5,537	139	-	5,676	397	536
Software	114	-	-	-	114	66	11	-	77	37	48
<b>Sub-total</b>	<b>22,356</b>	<b>404</b>	<b>741</b>	<b>-</b>	<b>23,501</b>	<b>14,546</b>	<b>732</b>	<b>-</b>	<b>15,278</b>	<b>8,223</b>	<b>7,810</b>
<b>Total</b>	<b>\$ 528,094</b>	<b>\$ 21,937</b>	<b>\$ -</b>	<b>\$ (2,306)</b>	<b>\$547,725</b>	<b>\$ 214,867</b>	<b>\$ 14,528</b>	<b>\$ (1,168)</b>	<b>\$ 228,227</b>	<b>\$ 319,498</b>	<b>\$ 313,227</b>

(1) There was nil write-down in the current year (2019 - \$29).

(2) Includes tangible capital assets transfers received from IRC with a value of \$16,147 (2019 - \$7,325) in Public Housing and \$4,258 (2019 - \$7,934) in Work in Progress.

(3) Six buildings with total NBV \$543 were transferred to K'at'l'odeeche First Nation through grant in kind.

(4) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of \$1,133 (2019 - \$1,034)

**Northwest Territories Human Rights Commission**

**Financial Statements**

**March 31, 2020**

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# Northwest Territories Human Rights Commission

## Financial Statements

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March 31, 2020

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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, 2020, 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, 2020 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.

## 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.

Yellowknife, Northwest Territories  
June 26, 2020

  
Chartered Professional Accountants



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## Northwest Territories Human Rights Commission

### Statement of Operations

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For the year ended March 31,	2020	2019
<b>Revenue</b>		
Legislative Assembly of the Northwest Territories		
- Operating grant	\$ 180,000	\$ 180,000
- Expense reimbursement (Note 5)	(39,752)	(28,951)
	<b>140,248</b>	<b>151,049</b>
<b>Expenses</b>		
Accounting	7,373	7,615
Advertising and promotion	20,702	23,921
Benefits and pension	1,659	1,803
Catering	1,419	1,159
Contracts - administration	530	9,800
Contributions and donations	-	4,400
Events	9,444	9,856
Honorarium - commission chair	21,848	21,518
Honorarium - commission members	32,641	39,006
Legal expenses	23,054	967
Membership fees	2,200	4,088
Office and administration	8,126	5,197
Professional development	5,615	-
Telephone	156	106
Travel - commission members	-	279
Travel - staff	1,210	-
	<b>135,977</b>	<b>129,715</b>
<b>Excess revenue</b>	<b>\$ 4,271</b>	<b>\$ 21,334</b>

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**Northwest Territories Human Rights Commission****Statement of Changes in Net Assets**

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<b>For the year ended March 31,</b>	<b>2020</b>	<b>2019</b>	
	<b>General Fund</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 175,501</b>	<b>\$ 175,501</b>	<b>\$ 154,167</b>
<b>Excess revenue</b>	<b>4,271</b>	<b>4,271</b>	<b>21,334</b>
<b>Balance, end of year</b>	<b>\$ 179,772</b>	<b>\$ 179,772</b>	<b>\$ 175,501</b>

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**Northwest Territories Human Rights Commission**

**Statement of Financial Position**

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**As at March 31,** **2020** **2019**

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**Assets**

**Current**

Cash	\$ 181,459	\$ 176,591
Due from GNWT - Legislative Assembly (Note 5)	2,748	3,049
Prepaid expenses	2,600	2,949
	<b>\$ 186,807</b>	<b>\$ 182,589</b>

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**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 7,035	\$ 7,088
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**Net Assets**

General Fund	179,772	175,501
	<b>\$ 186,807</b>	<b>\$ 182,589</b>

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**Approved on behalf of NWT Human Rights Commission**

  
\_\_\_\_\_  
Commission Chair

  
\_\_\_\_\_  
Commission Member

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## Northwest Territories Human Rights Commission

### Statement of Cash Flows

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For the year ended March 31,	2020	2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue	\$ 4,271	\$ 21,334
Change in non-cash operating working capital		
Due from the Legislative Assembly of the Northwest Territories	301	5,945
Prepaid expenses	349	939
Accounts payable and accrued liabilities	(53)	199
<b>Change in cash</b>	<b>4,868</b>	<b>28,417</b>
<b>Cash, opening</b>	<b>176,591</b>	<b>148,174</b>
<b>Cash, closing</b>	<b>\$ 181,459</b>	<b>\$ 176,591</b>

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# Northwest Territories Human Rights Commission

## Notes to Financial Statements

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March 31, 2020

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### 1. Nature of Operations

The Northwest Territories Human Rights Commission (the "Commission") was established to promote human rights through education and advocacy and to provide the administration of the complaints process. The Commission was established by the *Human Rights Act* of the Northwest Territories which came into effect on July 1, 2004. The Commission is exempt from income taxes and GST on the basis that they are an entity of the Government of the Northwest Territories ("GNWT").

### 2. Accounting Policies

These financial statements have been prepared in accordance with 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 Legislative Assembly of the Northwest Territories, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost using the effective interest rate method, less any impairments losses on financial assets.

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

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

#### (b) Fund accounting

Revenue and expenses for general operating activities are reported in the General Fund.

#### (c) Revenue recognition

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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# Northwest Territories Human Rights Commission

## Notes to Financial Statements

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March 31, 2020

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### 2. Accounting Policies (continued)

#### (d) 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.

#### (e) Contributed services

These financial statements only report the funding and expenditures relating to the contribution funding from the Legislative Assembly of the Northwest Territories. The Legislative Assembly makes expenditures on behalf of the Commission and the expenditures are not included in these financial statements. The salaries for Director, Deputy Director, and staff, rent, legal and office expenses are paid directly by the Legislative Assembly and are not reflected in these financial statements.

### 3. Future Accounting Changes

#### (a) Asset Retirement Obligations, Section PS 3280

This standard is replacing existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability and will establish how to account for and report a liability for asset retirement obligations.

This section is effective for fiscal periods beginning on or after April 1, 2021. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

#### (b) 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.

### 4. Transfer of Assets

The equipment that was previously held and recorded in the Commission has been transferred to the GNWT during the 2013 fiscal year. This has been done to enable the GNWT to consolidate their tangible capital assets for reporting purposes.

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# Northwest Territories Human Rights Commission

## Notes to Financial Statements

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March 31, 2020

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### 5. Expense Reimbursement

The Commission gave the Legislative Assembly of the Northwest Territories a portion from its funding to pay for travel expenses on behalf of the Commission. In the current year, \$42,500 of the \$180,000 funding was given to the Legislative Assembly of the Northwest Territories for travel. The GNWT spent \$39,752 on behalf of the Commission and \$2,748 is shown as a receivable.

5784 - Travel Commission Chair  
5785 - Travel Commission Member  
5786 - Travel Staff Member  
5892 - Registration - Commission Member  
5893 - Registration - Commission Chair  
Misc - Miscellaneous

	Account 5784	Account 5785	Account 5786	Account 5892	Account 5893	Account Misc	TOTAL 2020	TOTAL 2019
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,002	\$ 6,002	\$ 8,106
HR Meetings	1,554	5,442	3,183	-	-	206	10,385	4,089
CASHRA	5,816	5,902	-	1,100	550	-	13,368	12,841
Community Visits	-	-	1,885	-	-	-	1,885	1,882
Community Events	50	3,485	929	-	-	3,560	8,024	2,033
Materials	-	-	-	-	-	88	88	-
<b>Total</b>	<b>\$ 7,420</b>	<b>\$ 14,829</b>	<b>\$ 5,997</b>	<b>\$ 1,100</b>	<b>\$ 550</b>	<b>\$ 9,856</b>	<b>\$ 39,752</b>	<b>\$ 28,951</b>

### 6. Financial Instruments

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

#### (a) Credit risk

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

The Commission has a credit risk in cash \$181,459 (2019 - \$176,591) 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 \$184,207 (2019 - \$179,640)

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## Northwest Territories Human Rights Commission

### Notes to Financial Statements

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March 31, 2020

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#### 6. Financial Instruments (Continued)

##### (b) Concentration of credit risk

The Commission does have concentration of credit risk. At March 31, 2020, receivables from one government agency comprised \$2,748 (2019 - \$3,049) 100% of the total outstanding accounts receivables. The Commission reduces this risk by monitoring overdue balances.

#### 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.

#### 8. COVID-19

Prior to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health authority declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, provincial and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Commission and its operations in future periods.



**NORTHWEST TERRITORIES HYDRO CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020**

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, are protected from loss or unauthorized use and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

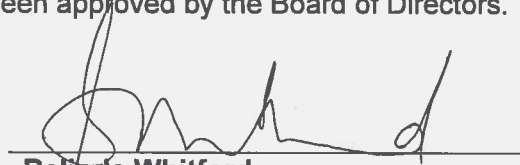
The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.



**Noel Voykin**  
Chief Executive Officer



**Belinda Whitford**  
Chief Financial Officer

Hay River, NT  
October 23, 2020



## 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 subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and 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 2020, 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 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.

## **Report on Compliance with Specified Authorities**

### *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, 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.

### *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, CPA, CA  
Principal  
for the Auditor General of Canada

Vancouver, Canada  
23 October 2020

# NORTHWEST TERRITORIES HYDRO CORPORATION

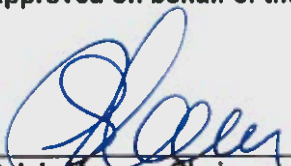
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31 (in thousands of dollars)

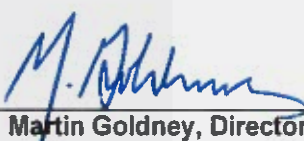
	2020	2019
<b>Financial assets</b>		
Cash	\$ 2,003	\$ 2,147
Revenues receivable (Note 3)	14,077	12,802
Government contributions receivable (Note 17)	3,965	75
Loan receivable (Note 4)	11,076	12,290
Investment in Aadrii Ltd.	479	453
	<b>31,600</b>	<b>27,767</b>
<b>Liabilities</b>		
Operating line of credit (Note 5)	20,959	9,041
Accounts payable and accrued liabilities	28,551	24,551
Debenture debt (Note 6)	207,984	212,303
Asset retirement obligations (Note 7)	8,878	8,456
Environmental liabilities (Note 8)	16,521	13,465
Capital lease obligations (Note 4)	16,768	17,221
Other employee future benefits (Note 9)	2,937	3,102
Deferred government contributions (Note 17)	3,741	3,011
	<b>306,339</b>	<b>291,150</b>
<b>Net debt</b>	<b>(274,739)</b>	<b>(263,383)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	408,098	379,272
Inventories (Note 11)	9,127	9,316
Prepaid expenses	1,328	1,390
	<b>418,553</b>	<b>389,978</b>
<b>Accumulated surplus / equity (Note 12)</b>	<b>\$ 143,814</b>	<b>\$ 126,595</b>

*Contractual obligations (Note 19)*

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

Approved on behalf of the Board:

  
Sylvia Haerner, 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)

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Revenues</b>			
Sale of power (Note 13)	\$ 111,345	\$ 109,806	\$ 110,391
Insurance proceeds (Note 17)	5,800	5,000	-
Fuel rider revenue	2,093	1,906	-
Other revenue and customer contributions (Note 14)	1,914	1,791	2,098
Interest income (Note 16)	1,202	1,213	1,342
Income from investment in Aadrii Ltd.	75	76	50
	<b>122,429</b>	<b>119,792</b>	<b>113,881</b>
<b>Expenses (Note 15)</b>			
Thermal generation	62,989	67,362	68,995
Hydro generation	21,577	19,486	18,882
Corporate services	14,053	15,152	15,594
Transmission, distribution and retail	11,101	10,849	11,312
Purchased power	3,092	3,229	1,451
Alternative power generation	226	240	236
	<b>113,038</b>	<b>116,318</b>	<b>116,470</b>
<b>Surplus (Deficit) for the year before government contributions</b>	<b>9,391</b>	<b>3,474</b>	<b>(2,589)</b>
<b>Government contributions</b>			
Other government contributions (Note 17)	31,757	13,745	4,695
	<b>31,757</b>	<b>13,745</b>	<b>4,695</b>
<b>Surplus for the year</b>	<b>\$ 41,148</b>	<b>\$ 17,219</b>	<b>\$ 2,106</b>
Accumulated surplus / equity, beginning of year	126,595	126,595	124,489
<b>Accumulated surplus / equity, end of year</b>	<b>\$ 167,743</b>	<b>\$ 143,814</b>	<b>\$ 126,595</b>

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



# NORTHWEST TERRITORIES HYDRO CORPORATION

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

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
Surplus for the year	\$ 41,148	\$ 17,219	\$ 2,106
Tangible capital assets			
Additions	(85,393)	(44,224)	(32,739)
Capitalized overhead	(3,717)	(3,205)	(5,402)
Capitalized interest (Note 16)	(1,260)	(1,015)	(701)
Disposals	8,910	1,942	239
Amortization (Note 10)	17,947	17,676	18,176
	<b>(63,513)</b>	<b>(28,826)</b>	<b>(20,427)</b>
Additions of inventories	(7,164)	(5,259)	(8,191)
Use of inventories	7,386	5,447	7,334
Additions to prepaids	(2,300)	(2,238)	(1,732)
Use of prepaids	2,400	2,301	1,673
	<b>322</b>	<b>251</b>	<b>(916)</b>
<b>Increase in net debt for the year</b>	<b>\$ (22,043)</b>	<b>\$ (11,356)</b>	<b>\$ (19,237)</b>
<b>Net debt, beginning of year</b>	<b>(263,383)</b>	<b>(263,383)</b>	<b>(244,146)</b>
<b>Net debt, end of year</b>	<b>\$ (285,426)</b>	<b>\$ (274,739)</b>	<b>\$ (263,383)</b>

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)

	<b>2020</b>	<b>2019</b>
<b>Cash provided by operating activities</b>		
Cash receipts from customers	\$ 112,101	\$ 112,378
Insurance proceeds (Note 17)	5,000	-
Government contributions received (Note 17)	10,586	7,978
Cash paid to suppliers	(47,440)	(55,434)
Cash paid to employees	(31,949)	(26,222)
Interest paid	(10,272)	(11,927)
Interest received	86	89
	<b>38,112</b>	<b>26,862</b>
<b>Cash provided by investing activities</b>		
Loan receivable receipts (Note 4)	343	290
Distribution from Aadrii Ltd.	50	-
Sinking fund installments (Note 6)	-	(45)
Sinking fund investment redemptions (Note 6)	-	6,323
	<b>393</b>	<b>6,568</b>
<b>Cash used in capital activities</b>		
Acquisition and development of tangible capital assets	(46,182)	(35,241)
Proceeds on sale of tangible capital assets	26	21
	<b>(46,156)</b>	<b>(35,220)</b>
<b>Cash provided by (used in) financing activities</b>		
Repayment of capital lease obligation (Note 4)	(48)	(45)
Repayment of debenture debt	(4,363)	(14,136)
Net proceeds from operating line of credit	11,918	9,041
	<b>7,507</b>	<b>(5,140)</b>
<b>Decrease in cash</b>	<b>\$ (144)</b>	<b>\$ (6,930)</b>
Cash, beginning of year	2,147	9,077
<b>Cash, end of year</b>	<b>\$ 2,003</b>	<b>\$ 2,147</b>

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

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 1. The Corporation

#### a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act*. NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 12).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities to provide utility services in the Northwest Territories. NTPC is a regulated company, established under the *Northwest Territories Power Corporation Act* and controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (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 is required to review the affairs, earnings and accounts of NTPC a minimum of every three years. The regulatory hearing process used to establish or change rates typically begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes. Normally, NTPC applies for rates in advance of the applicable fiscal years (Test Years) to which the new rates will apply. In addition to GRAs, interim rate applications may be used between GRAs to deal with circumstances which could result in the use of interim rates or riders until the next GRA, when rates are reviewed and set as final.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. NTPC filed its 2016/19 GRA on June 30, 2016. 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 16-2017 the PUB approved amortization rates and a return on equity for 2018-19 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.

On May 28, 2018 in Decision 8-2018, the PUB approved final rates for 2018-19 effective June 1, 2018. The PUB approved a GRA Adjustment Rider on July 10, 2018 to recover the revenue shortfall that occurred in April and May 2018 before approval of final 2018-19 rates. The rider collected a revenue shortfall of \$357 from August 2018 to March 2019. On March 7, 2019 NTPC notified the PUB it would be turning off the rider on March 31, 2019.

## 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 c/kWh to 0.99 c/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited.

#### 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 statements of NT Hydro consist of the transactions and balances of NT Hydro and its wholly owned subsidiaries from the date that control commences until the date that control ceases. Inter-entity transactions and balances with wholly owned subsidiaries are eliminated upon consolidation. NT Hydro's investment in government business partnerships are accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances 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.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 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, loan receivable, due from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligations.

A provision for impairment of revenues receivable and the loan receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenue receivables are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

#### e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and 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 2019-20 was 4.97% (2018-19 – 4.97%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

## 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) Transfers of tangible capital assets*

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

*iii) Impairment*

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide 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 8-2018 (Note 1(b)). The cost, less residual value, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis. 2019-20 Rates remain unchanged since 2016-17.

Annual amortization rates are as follows:

	<b>2019-20</b>	<b>2018-19</b>
	<b>Rates (%)</b>	<b>Rates (%)</b>
Electric power plants	1.00 – 4.86	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.86	1.00 – 4.86

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



## 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 revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

#### h) Public service pension plan

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

#### i) Other employee future benefits

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

##### *i) Severance and ultimate removal benefits*

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

##### *ii) Sick leave benefits*

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

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 2. Significant accounting policies (continued)

#### j) Asset retirement obligations (ARO)

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The amortization method utilized on ARO costs is consistent with the rates as outlined under Tangible Capital Assets *iv) Amortization*.

NT Hydro has identified other sites where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized. NT Hydro reviews its estimates of ARO on an annual basis.

#### k) Environmental liabilities

Environmental liabilities are the result of contaminated sites, defined as a site where as 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. 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 future 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.

#### 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, other revenue and customer contributions are recognized on an accrual basis.



## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 2. Significant accounting policies (continued)

#### n) Expenses

Expenses are recognized on an accrual basis.

#### o) Contractual obligations and contingencies

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

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

#### p) Non-financial assets

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

#### q) Future accounting changes

PSAB issued new standards effective April 1, 2022: PS 1201 Financial statement presentation, PS 2601 Foreign currency translation, PS 3041 Portfolio investments and PS 3450 Financial instruments.

PSAB issued a new standard PS 3400 Revenues in November 2018. This standard has an effective date of April 1, 2023.

PSAB issued a new standard in November 2018 on Asset Retirement Obligations (PS 3280). This standard has an effective date of April 1, 2022.

NT Hydro continues to evaluate the potential impacts on its consolidated financial statements from the future adoption of these standards

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 3. Revenues receivable

At March 31, 2020, the aging of revenues receivable was as follows:

	2020			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 12,820	\$ 1,035	\$ 311	\$ 14,166
Non-utility	386	6	1	393
Allowance for doubtful accounts	-	(170)	(312)	(482)
	<u>\$ 13,206</u>	<u>\$ 871</u>	<u>\$ -</u>	<u>\$ 14,077</u>

At March 31, 2019, the aging of revenues receivable was as follows:

	2019			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 11,521	\$ 741	\$ 241	\$ 12,503
Non-utility	137	73	345	555
Allowance for doubtful accounts	-	-	(256)	(256)
	<u>\$ 11,658</u>	<u>\$ 814</u>	<u>\$ 330</u>	<u>\$ 12,802</u>

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

	2020	2019
Balance, beginning of the year	\$ (256)	\$ (272)
Receivables written off	139	87
Change to allowance	(365)	(71)
Balance, end of the year	<u>\$ (482)</u>	<u>\$ (256)</u>

Revenues receivable on utility and non-utility accounts are generally due in 45 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2020, NT Hydro provided an allowance for doubtful accounts for some of its revenues receivable accounts with amounts outstanding longer than 90 days. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 20.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 4. Loan receivable and capital lease obligations

#### Loan receivable

NWTEC loaned \$22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (Snare Cascades) in the NWT between 1994 and 1996. The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWTEC's debenture debt issued to finance the loan. It is due July 2026 and is repayable in equal monthly blended principal and interest payments of \$195.

Loan receivable payments and the capital lease payments for the Snare Cascades are settled on a net basis and are presented on a net basis on the consolidated statement of cash flows. Loan receivable principal payments of \$1,214 (2018-19 - \$1,103) and interest income of \$1,127 (2018-19 - \$1,238) were offset by capital lease principal payments of \$405 (2018-19 - \$405) and interest expense of \$1,593 (2018-19 - \$1,646). As a result, the net cash receipt of \$343 (2018-19 - \$290) is disclosed in the consolidated statement of cash flows as loan receivable receipts.

#### Capital lease obligations

##### *Snare Cascades*

NTPC has an initial 65-year lease from the DPC for the Snare Cascades at an imputed interest rate of 9.6% until 2061. The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by arbitration. The renewal term will be based on the end of the useful life of the property or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 10).

A \$4,000 guarantee from DPC's parent company, the Tlicho Investment Corporation and a blocked account agreement established by DPC provide collateral for the loan receivable. NWTEC has signing authority and full control over the blocked account in the event of default. At the beginning of each fiscal year, the balance in the blocked account must be equal to the top up payments (the difference between the loan payment made by DPC to NWTEC and the lease payment received by DPC from NTPC) required for the next 12 months.

##### *Colville Lake Office*

In 2016, NTPC entered into a capital lease arrangement for an office in Colville Lake with minimum monthly payments of \$4 until June 1, 2020.

## NORTHWEST TERRITORIES HYDRO CORPORATION

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

#### *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 obligations over the next five years and thereafter are as follows:

	<b>Snare Cascades</b>	<b>Colville Lake Office</b>	<b>Total</b>
2021	\$ 1,944	\$ 8	\$ 1,952
2022	1,886		1,886
2023	1,827	-	1,827
2024	1,764	-	1,764
2025	1,698	-	1,698
Thereafter	37,769	-	37,769
	46,888	8	46,896
Less: amounts representing imputed interest	(30,128)	-	(30,128)
<b>Total capital lease obligations</b>	<b>\$ 16,760</b>	<b>\$ 8</b>	<b>\$ 16,768</b>

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and associated capital lease obligations can be found in Note 20.

### 5. Operating line of credit

NTPC has a \$40,000 (2018-19 - \$40,000) operating line of credit with its bank. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2020, NTPC has borrowed \$20,959 (2018-19 - \$9,041) against the line of credit. In 2019-20 NTPC issued two letters of credit totalling \$3,645 against its operating line of credit. These commitments terminate on March 31, 2022 and March 31, 2023.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 6. Debenture debt

	<b>2020</b>	<b>2019</b>
3.982% amortizing debenture, due February 17, 2047	\$ 56,671	\$ 57,825
5.16% amortizing debenture, due September 13, 2040	42,310	43,451
5.443% debenture, due August 1, 2028	25,000	25,000
5.995% debenture, due December 15, 2034	25,000	25,000
3.818% debenture, due November 25, 2052	25,000	25,000
5% debenture, due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032	8,667	9,333
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of \$73	4,248	4,713
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of \$69	3,493	3,950
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	3,337	3,817
	<u>\$208,726</u>	<u>\$ 213,089</u>
Less: Unamortized premium, discount and issuance costs	(742)	(786)
	<u>\$207,984</u>	<u>\$ 212,303</u>

The GNWT guarantees all of the debenture debt.

Principal repayments for future years are as follows:

<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Thereafter</b>	<b>Total</b>
\$ 4,613	\$ 4,879	\$ 5,167	\$ 5,476	\$ 5,812	\$182,779	\$ 208,726

In October 2018 a \$10,000 6.33% debenture was repaid at maturity. The full amount of the associated sinking fund, \$6,323 was redeemed and used to repay the debenture with the remainder coming from NTPC's main operating account. NTPC no longer has debentures with sinking fund provisions.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 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 NT Hydro and the remediation of contaminated sites.

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

- Total expected future cash flows - \$15,194 (2018-19 - \$14,766).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 33 years with the majority occurring after 2041.
- The discount rate is the cost of borrowing rate of 2.48% (2018-19 – 2.57%) for those obligations to be settled in less than 10 years and 3.11% (2018-19– 3.04%) for those obligations to be settled in 10 years or longer.

Following is a summary of the asset retirement obligations:

	<b>2020</b>	<b>2019</b>
Opening balance	\$ 8,456	\$ 7,536
Liabilities settled	(100)	(186)
Accretion expense	254	224
Valuation adjustment	(135)	567
Additions	403	315
Balance, end of year	<u>\$ 8,878</u>	<u>\$ 8,456</u>

As at March 31, 2020 management does not foresee any events or circumstances in the future that would have a significant impact on the estimated value of the asset retirement obligations.

### 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. NT Hydro estimates that it has 23 sites (2018-19 - 23 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NT Hydro is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 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 - \$37,910 (2018-19 - \$35,148).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 70 years with the majority occurring after 2089.
- The discount rate is the cost of borrowing rate of 2.48% (2018-19 – 2.57%) for those obligations to be settled in less than 10 years and 3.11% (2018-19 – 3.04%) for those obligations to be settled in 10 years or longer.

Following is a summary of the estimated environmental liabilities:

	<b>2020</b>	<b>2019</b>
Opening balance	\$ 13,465	\$ 11,408
Liabilities settled	(126)	(133)
Valuation adjustment	3,182	2,190
Balance, end of year	<u>\$ 16,521</u>	<u>\$ 13,465</u>

The valuation adjustment relates to changes in the discount rate applied and changes to expected future cash flows.

## 9. Other employee future benefits

### a) Public Service Pension Plan:

The employees of NT Hydro participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.00 times (2018-19 – 1.00) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2018-19 – 1.00) the employees' contributions for all other employees. Employer contributions of \$2,349 (2018-19 - \$2,038) were recognized as an expense in the current year. The employees' contribution to this plan was \$2,219 (2018-19 - \$2,025).

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.

**NORTHWEST TERRITORIES HYDRO CORPORATION**

**Note 9. Other employee future benefits (continued)**

**b) Other employee future benefits:**

Summary of other employee future benefit liabilities:

	2020			2019		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 3,534	\$ 299	\$ 3,833	\$ 2,789	\$ 218	\$ 3,007
Benefits earned	284	20	304	259	19	278
Plan Amendments	-	-	-	61	-	61
Interest	95	8	103	90	7	97
Benefits paid	(525)	(140)	(665)	(388)	(63)	(451)
Actuarial (gains) losses	(299)	63	(236)	723	117	840
Accrued benefit obligation, end of year	3,089	250	3,339	3,534	299	3,833
Unamortized net actuarial loss	(127)	(275)	(402)	(482)	(249)	(731)
Net future obligation	\$ 2,962	\$ (25)	\$ 2,937	\$ 3,052	\$ 50	\$ 3,102

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.



## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 9. Other employee future benefits (continued)

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

	<u>2020</u>	<u>2019</u>
Current benefits earned	\$ 304	\$ 278
Interest	103	97
Plan amendments	-	61
Amortization of net actuarial (gain) loss	93	(6)
	<u>\$ 500</u>	<u>\$ 430</u>

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

	<u>2020</u>	<u>2019</u>
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	2.60%	2.80%
Expected average remaining service life of related employee groups (EARSL)	<u>8.5 years</u>	<u>8.5 years</u>

**NORTHWEST TERRITORIES HYDRO CORPORATION**

**10. Tangible capital assets**

<b>March 31, 2020</b>						
	<b>Electric power plants</b>	<b>Transmission and Dist. systems</b>	<b>Warehouse equipment, motor vehicles, and general facilities</b>	<b>Electric power plant under capital lease</b>	<b>Construction work in progress</b>	<b>Total</b>
<b>Cost</b>						
Opening balance	\$ 356,368	\$ 102,989	\$ 71,497	\$ 28,733	\$ 28,125	\$ 587,712
Additions	268	-	-	-	48,176	48,444
Transfers – completed projects	11,576	2,542	3,961	-	(18,079)	-
Disposals and adjustments	(1,798)	(602)	(1,625)	-	-	(4,025)
Closing balance	366,414	104,929	73,833	28,733	58,222	632,131
<b>Accumulated amortization</b>						
Opening balance	(128,300)	(35,432)	(35,487)	(9,221)	-	(208,440)
Amortization	(10,527)	(2,517)	(4,172)	(460)	-	(17,676)
Disposals and adjustments	824	165	1,094	-	-	2,083
Closing balance	(138,003)	(37,784)	(38,565)	(9,681)	-	(224,033)
<b>Net book value</b>	<b>\$ 228,411</b>	<b>\$ 67,145</b>	<b>\$ 35,268</b>	<b>\$ 19,052</b>	<b>\$ 58,222</b>	<b>\$ 408,098</b>

<b>March 31, 2019</b>						
	<b>Electric power plants</b>	<b>Transmission and Dist. systems</b>	<b>Warehouse equipment, motor vehicles, and general facilities</b>	<b>Electric power plant under capital lease</b>	<b>Construction work in progress</b>	<b>Total</b>
<b>Cost</b>						
Opening balance	\$ 346,396	\$ 98,010	\$ 64,913	\$ 28,733	\$ 14,765	\$ 552,817
Additions	884	-	-	-	37,958	38,842
Transfers – completed projects	11,266	5,335	7,997	-	(24,598)	-
Disposals and adjustments	(2,178)	(356)	(1,413)	-	-	(3,947)
Closing balance	356,368	102,989	71,497	28,733	28,125	587,712
<b>Accumulated amortization</b>						
Opening balance	(119,308)	(33,348)	(32,555)	(8,761)	-	(193,972)
Amortization	(11,215)	(2,419)	(4,082)	(460)	-	(18,176)
Disposals and adjustments	2,223	335	1,150	-	-	3,708
Closing balance	(128,300)	(35,432)	(35,487)	(9,221)	-	(208,440)
<b>Net book value</b>	<b>\$ 228,068</b>	<b>\$ 67,557</b>	<b>\$ 36,010</b>	<b>\$ 19,512</b>	<b>\$ 28,125</b>	<b>\$ 379,272</b>

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 11. Inventories

	<u>2020</u>	<u>2019</u>
Materials, supplies and lubricants	\$ 4,802	\$ 4,953
Critical spare parts	4,046	4,046
Fuel	279	317
	<u>\$ 9,127</u>	<u>\$ 9,316</u>

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 19. Diesel fuel requirements for the remaining 20 plants are managed under the fuel management services agreement described in Note 19.

### 12. Accumulated surplus / equity

	<u>2020</u>	<u>2019</u>
Share capital, common and preferred shares	\$ 43,129	\$ 43,129
Accumulated operating surplus / equity	100,685	83,466
	<u>\$ 143,814</u>	<u>\$ 126,595</u>

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2020, 1 common share (2018-19 – 1 common share), at \$43,129 per share (2018-19 – \$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.

### 13. Sale of power

	<u>2020</u>	<u>2019</u>
Power sales to external customers	\$ 81,527	\$ 81,654
Power sales to GNWT and related parties	17,638	17,243
GNWT TPSP payments	6,198	6,205
GNWT HSP payments	4,443	5,289
	<u>\$ 109,806</u>	<u>\$ 110,391</u>

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community. The change in GNWT HSP Payment is the direct result of the changes made by NWT Housing Corporation to their User Pay Program in September 2019-20.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 13. 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.

### 14. Other revenue and customer contributions

	<u>2020</u>	<u>2019</u>
Connection fees	\$ 456	\$ 401
Contract work	411	680
Heat revenues	398	449
Pole rental	346	287
Contributions in aid of construction	180	281
	<u>\$ 1,791</u>	<u>\$ 2,098</u>

### 15. Expenses

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

	<u>2020</u>	<u>2019</u>
Fuel and lubricants (Note 19)	\$ 31,024	\$ 30,910
Salaries and wages	27,370	29,319
Supplies and services	22,295	22,415
Amortization (Note 10)	17,676	18,176
Interest expense (Note 16)	11,906	12,657
Loss on disposal of assets	3,514	493
Travel and accommodation	2,279	2,276
Accretion on ARO (Note 7)	254	224
	<u>\$ 116,318</u>	<u>\$ 116,470</u>

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 16. Interest expense and interest income

#### Interest expense

	<b>2020</b>	<b>2019</b>
Interest on debenture debt and capital leases (Notes 4, 6)	\$ 12,445	\$ 13,133
Short-term debt financing costs	476	225
Capitalized interest during construction	(1,015)	(701)
	<u>\$ 11,906</u>	<u>\$ 12,657</u>

#### Interest income

	<b>2020</b>	<b>2019</b>
Income on loan receivable (Note 4)	\$ 1,127	\$ 1,238
Income from overdue accounts and bank balances	86	58
Income from sinking fund investments	-	46
	<u>\$ 1,213</u>	<u>\$ 1,342</u>

### 17. Other government contributions

#### *Investing in Canada Infrastructure Program (ICIP)*

In 2019-20 NT Hydro's wholly owned subsidiaries entered into three agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program (ICIP) for the following projects:

#### 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. The agreement expires March 31, 2022. NTPC did not receive a payment in the current year. As of March 31, 2020 NTPC has incurred \$3,469 of eligible expenditures of which all have been recorded as a receivable.

#### 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. The agreement expires March 31, 2022. NTPC did not receive a payment in the current year. As of March 31, 2020 NTPC has incurred \$303 of eligible expenditures of which all have been recorded as a receivable.

#### 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. The agreement expires March 31, 2023. NTPC did not receive a payment in the current year. As of March 31, 2020 NTPC has incurred \$136 of eligible expenditures of which all have been recorded as a receivable.

In 2018-19 NT Hydro's wholly owned subsidiaries entered into three agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program for the following projects:

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 17. Other government contributions (continued)

#### 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. The agreement expires March 31, 2021.

In October 2018, Unit 1 experienced a mechanical failure prior to the start of the planned overhaul. NTPC initiated an insurance claim on some of the costs associated with the work being completed on Unit 1 as well as costs associated with additional diesel generation. In 2019-20 NTPC received \$5,000 in a preliminary installment on the insurance claim. NTPC allocated \$2,900 to the incremental diesel costs incurred as a result of the failure and other costs which are ineligible under the agreement with the GNWT. NTPC has applied the remaining \$2,100 as a reduction of total eligible costs in determining other government contributions under the agreement. It is not determinable whether NTPC will receive additional insurance proceeds and management cannot reasonably estimate any such amount at this time.

During the year NTPC received payments of \$2,190 (2019 - \$6,000). As of March 31, 2020 NTPC recorded \$3,132 (2019 - \$3,064) of eligible expenditures on the overhaul of Unit 1 and the remaining \$1,994 (2019 - \$2,936) is recorded as a deferred liability.

#### 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. The agreement expires March 31, 2021. During the year NTPC received payments of \$4,400. As of March 31, 2020, NTPC has incurred \$3,195 (2019 - \$19) of eligible expenditures. The difference of \$1,186 has been recorded as a deferred liability.

#### 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 \$30,000. The agreement expires March 31, 2021. During the year NT Energy received payments of \$3,600. NT Energy has received total payments of \$4,860 as of March 31, 2020 and has incurred \$4,320 of eligible expenditures. The remaining \$540 is recorded as a deferred liability.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 17. Other government contributions (continued)

The following table summarizes NT Hydro's budget and the actual eligible costs incurred on the respective projects. The actuals reflect the amounts that NT Hydro has recorded as other government contributions

	2020 Budget	2020 Actuals	2019 Actuals	Total Lifetime Costs
<b>Taltson Hydroelectric Overhaul</b>				
Salaries and wages	\$ 5	\$ 5	\$ -	\$ 5
Supplies and services		3,431	-	3,431
Transportation costs		33	-	33
	<b>\$ 2,055</b>	<b>\$ 3,469</b>	<b>\$ -</b>	<b>\$ 3,469</b>
<b>Lutsel K'e Diesel Plant</b>				
Salaries and wages	\$ 5	\$ 5	\$ -	\$ 5
Supplies and services		295	-	295
Transportation costs		3	-	3
	<b>\$ 525</b>	<b>\$ 303</b>	<b>\$ -</b>	<b>\$ 303</b>
<b>Fort Simpson LNG</b>				
Salaries and wages	\$ 20	\$ 20	\$ -	\$ 20
Supplies and services		116	-	116
	<b>\$ 500</b>	<b>\$ 136</b>	<b>\$ -</b>	<b>\$ 136</b>
<b>Snare Forks Overhauls</b>				
Salaries and wages	\$ 18	\$ 18	\$ 218	\$ 236
Supplies and services		2,802	2,772	5,574
Transportation costs		312	74	386
	<b>\$ 8,277</b>	<b>\$ 3,132</b>	<b>\$ 3,064</b>	<b>\$ 6,196</b>
<b>Sachs Harbour Plant Replacement</b>				
Salaries and wages	\$ 4	\$ 4	\$ 19	\$ 23
Supplies and services		3,157		3,157
Transportation costs		34		34
	<b>\$ 3,000</b>	<b>\$ 3,195</b>	<b>\$ 19</b>	<b>\$ 3,214</b>
<b>Inuvik Wind</b>				
Salaries and wages	\$ 85	\$ 85	\$ 199	\$ 284
Supplies and services		3,005	963	3,968
Transportation costs		44	24	68
	<b>\$ 16,000</b>	<b>\$ 3,134</b>	<b>\$ 1,186</b>	<b>\$ 4,320</b>
<b>Total ICIP contributions</b>	<b>\$ 30,357</b>	<b>\$ 13,369</b>	<b>\$ 4,269</b>	<b>\$ 17,638</b>

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 17. Other government contributions (continued)

#### Other agreements

In 2019-20, NTPC entered into one other single year contribution agreements with the GNWT to fund costs associated with electricity system analytical work. The total agreement was for \$30, all of which was recognized as revenue. \$20 was received in 2019-20, and \$10 is recorded as receivable at March 31, 2020.

In 2019-20, NT Energy entered into two 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 2019-20.

The second agreement was to support lease costs for the NT Energy office in Hay River. The total agreement was for \$96, all of which was received and \$96 was recognized as revenue in 2019-20.

### 18. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

<b>Revenues</b>	<b>2020</b>	<b>2019</b>
Other revenue	\$ 439	\$ 215
Fuel rider revenue	426	-
	<u>\$ 865</u>	<u>\$ 215</u>
<b>Expenses</b>		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 19)	\$ 25,405	\$ 23,579
Other operating expenses	1,017	1,036
	<u>\$ 26,422</u>	<u>\$ 24,615</u>
<b>Financial assets</b>		
<b>Revenues receivable</b>		
Utility	\$ 1,613	\$ 1,896
Non-utility	14	101
	<u>\$ 1,627</u>	<u>\$ 1,997</u>
<b>Liabilities</b>		
Accounts payable to FSD for fuel (Note 19)	\$ 7,333	\$ 5,110
Other accounts payable and accrued liabilities	56	30
	<u>\$ 7,389</u>	<u>\$ 5,140</u>



## NORTHWEST TERRITORIES HYDRO CORPORATION

### 19. Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2020.

	<u>Expiry</u>		<u>2021</u>		<u>2022 and subsequent</u>
Operational and lease commitments	2022	\$	9,706	\$	565

#### *Capital projects*

NT Hydro has contractual obligations totalling \$32,398 related to capital projects. NTPC expects to make payments of \$25,112 for 2020-21 and \$7,286 for 2021-22.

In addition, NT Hydro has entered into the following contractual obligations with related parties:

#### *Fuel management services agreement*

NTPC has a fuel management services agreement with the FSD. Under this agreement, fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC are provided by FSD. 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, 2021.

#### *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 include LNG fuel costs, which are 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.

### 20. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, loan receivable, accounts payable and accrued liabilities, capital lease obligations, the operating line of credit and debenture debt.

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.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 20. Financial instruments and risk management (continued)

#### a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	<u>2020</u>	<u>2019</u>
Revenues receivable	\$ 14,077	\$ 12,802
Government contributions receivable	3,965	75
Loan receivable	11,076	12,290
Cash	2,003	2,147
	<u>\$ 31,121</u>	<u>\$ 27,314</u>

#### *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 (2018-19 - 37%) of NTPC's sales are to two other utilities. Twenty-six percent (2018-19 - 26%) of sales, including HSP and TPSP are to the GNWT.

#### *Government contributions receivable*

The GNWT accounts for 100% of the government contributions receivable.

#### *Loan receivable*

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place. See Note 4 for additional details.

#### *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.

#### 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.

## NORTHWEST TERRITORIES HYDRO CORPORATION

### Note 20. Financial instruments and risk management (continued)

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a \$40,000 operating line of credit with a reputable financial institution. The following table shows the maturities of the debenture debt, operating line of credit, Share capital lease obligation and the associated loan receivable:

	March 31, 2020				
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 4,613	\$ 41,284	\$ 115,323	\$ 47,506	\$ 208,726
Operating line of credit	20,959	-	-	-	20,959
Capital lease obligation	1,952	8,804	19,007	17,133	46,896
Loan receivable	(2,341)	(11,704)	(780)	-	(14,825)
	\$ 25,183	\$ 38,384	\$ 133,550	\$ 64,639	\$ 261,756

	March 31, 2019				
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 4,364	\$ 25,946	\$ 129,575	\$ 53,204	\$ 213,089
Operating line of credit	9,041	-	-	-	9,041
Capital lease obligation	2,046	9,127	19,482	18,287	48,942
Loan receivable	(2,341)	(11,704)	(3,121)	-	(17,166)
	\$ 13,110	\$ 23,369	\$ 145,936	\$ 71,491	\$ 253,906

#### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in the fair value of the loan receivable, the capital lease obligation and debenture debt as all have fixed rates. The impact on net income due to fluctuations in interest rates on the operating line of credit is not significant.

### 21. Comparative figures

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

## NORTHWEST TERRITORIES HYDRO CORPORATION

### 22. Subsequent events

#### a) COVID 19

The outbreak of COVID-19 in early 2020 caused significant global disruption and an economic downturn. Since the duration of the outbreak and its effects are unknown at this time, it is not possible to provide a reliable estimate of the impact on NT Hydro's future financial statements. NT Hydro continues to assess and monitor the impact of the pandemic on its future financial statements, including the likelihood of decreased revenues, increased expenses, and decreased cash flows.

Relative to its 2019-20 actual results, NT Hydro expects future bad debt expense to increase and the related cash receipts from some customers to decrease due to reduced economic activity and resultant financial difficulties of some utility customers.

#### b) Long term debt

On September 30, 2020, NTPC borrowed \$40,000 from the GNWT at a rate of 2.265% for 30 years. The debt is repayable in semi-annual blended instalments of \$922 until September 30, 2050.

**N.W.T. SPORT AND RECREATION COUNCIL**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the eleven months ended February 29, 2020

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

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



Manager, Lottery Programs,  
Department of Municipal and Community Affairs  
Government of the Northwest Territories

May 26, 2020





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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
N.W.T. Sport and Recreation Council

### *Opinion*

We have audited the financial statements of N.W.T. Sport and Recreation Council (the "Council"), which comprise the Statement of Financial Position as at February 29, 2020, and the Statements of Operations, Changes in Net Financial Assets and Accumulated Surplus, and Cash Flows for the eleven months 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 February 29, 2020, and its results of operations and its cash flows for the eleven months 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.

### *Emphasis of Matter*

We draw attention to Note 1 to the financial statements which describe the dissolution of the Council.

### *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.

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:





## INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

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

May 26, 2020



# N.W.T. SPORT AND RECREATION COUNCIL

## STATEMENT OF FINANCIAL POSITION

February 29, 2020

	February 29, 2020	March 31, 2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ -	\$ 14,449
GST receivable	-	52,618
Due from related party (note 3)	-	-
	<u>-</u>	<u>67,067</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	9,650
Due to related party (note 3)	-	6,151
	<u>-</u>	<u>15,801</u>
<b>NET FINANCIAL ASSETS</b>	<u>-</u>	<u>51,266</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	<u>-</u>	<u>876</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ -</u>	<u>\$ 52,142</u>

Approved:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See the accompanying notes and schedules.

# N.W.T. SPORT AND RECREATION COUNCIL

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the eleven months ended February 29, 2020

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES per page 3</b>	\$ (1,042)	\$ 103,513
Loss on disposal of tangible capital assets	875	-
Amortization of tangible capital assets	-	535
Transfer surplus to GNWT (note 3)	(51,100)	-
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(51,266)	104,048
<b>NET FINANCIAL ASSETS (NET DEBT), opening</b>	51,266	(52,782)
<b>NET FINANCIAL ASSETS, closing</b>	\$ -	\$ 51,266

See the accompanying notes and schedules.

# N.W.T. SPORT AND RECREATION COUNCIL

## STATEMENT OF OPERATIONS For the eleven months ended February 29, 2020

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
<b>REVENUES</b>		
Administration - Schedule 1	\$ 6,326	\$ 761,821
Investment and Evaluation - Schedule 2	-	3,809,233
Multi Sport Games - Schedule 3	-	850,008
	<u>6,326</u>	<u>5,421,062</u>
<b>EXPENSES</b>		
Administration - Schedule 1	7,368	761,821
Investment and Evaluation - Schedule 2	-	4,169,893
Multi Sport Games - Schedule 3	-	385,835
	<u>7,368</u>	<u>5,317,549</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ (1,042)</u>	<u>\$ 103,513</u>

## N.W.T. SPORT AND RECREATION COUNCIL

### STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (DEFICIT)

For the eleven months ended February 29, 2020

	Unrestricted Surplus	Building Reserve	Games Reserve	Total
<b><u>For the eleven months ended February 29, 2020</u></b>				
ACCUMULATED SURPLUS, opening	\$ 52,142	\$ -	\$ -	\$ 52,142
DEFICIENCY OF REVENUES OVER EXPENSES per page 3	(1,042)	-	-	(1,042)
TRANSFER SURPLUS TO GNWT (note 3)	(51,100)	-	-	(51,100)
ACCUMULATED SURPLUS, closing	\$ -	\$ -	\$ -	\$ -
<b><u>For the year ended March 31, 2019</u></b>				
ACCUMULATED DEFICIT, opening	\$ (51,371)	\$ -	\$ -	\$ (51,371)
EXCESS OF REVENUES OVER EXPENSES	103,513	-	-	103,513
ACCUMULATED SURPLUS, closing	\$ 52,142	\$ -	\$ -	\$ 52,142

See the accompanying notes and schedules.

# N.W.T. SPORT AND RECREATION COUNCIL

## STATEMENT OF CASH FLOWS For the eleven months ended February 29, 2020

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions and other	\$ -	\$ 5,415,987
Cash receipts from interest revenue	1,076	13,909
Cash paid to grant recipients and other	(10,892)	(5,581,016)
Severance paid	-	(477,146)
	<u>(9,816)</u>	<u>(628,266)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in GST receivable	52,618	-
Advances from related party	10,850	6,150
Repayments to related party	(68,101)	(6,082)
Line of credit	-	(320,000)
	<u>(4,633)</u>	<u>(319,932)</u>
<b>DECREASE IN CASH</b>	(14,449)	(948,198)
<b>CASH, opening</b>	<u>14,449</u>	<u>962,647</u>
<b>CASH, closing</b>	<u>\$ -</u>	<u>\$ 14,449</u>



# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2020

### 1. NATURE OF OPERATIONS

N.W.T. Sport and Recreation Council (the "Council") operates to provide leadership and support for the Northwest territories sport and recreation sector. As a public service entity, the Council's function is to support the objectives of the Government of the Northwest Territories (GNWT). In fulfillment of this role, the SRC shall: streamline decision making and improve coordination; plan collaboratively with communities and sport and recreation leaders; effectively use resources that result in opportunities for all NWT residents to access physical activities; be accountable for achieving outcomes; and manage the Western Canada Lottery program in the NWT.

The SRC was incorporated under the *Societies Act* of the Northwest Territories on March 10, 2005. The SRC is a related entity to the GNWT and is exempt from income taxes pursuant to paragraph 149(1)(c) of the *Income Tax Act* (Canada).

On February 29, 2020, the Council transferred its operations to the GNWT Department of Municipal and Community Affairs (MACA) and subsequently dissolved.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are detailed as follows:

#### (a) Cash equivalents

The Council 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 Council initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Council subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable, and due from related party. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to related party.

#### (c) Capital management

The Council's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate to provide leadership and support for the Northwest Territories sport and recreation sector. It achieves its objective by strong day-to-day management of its cash flows and by regularly monitoring revenues and expenses against its operating and capital budgets.

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Tangible capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot reasonably be estimated, contributed assets are recorded at nominal value. The cost of capital assets are amortized over the estimated useful lives of assets by category. Estimates of useful life are made as tangible capital assets are acquired. A full year's amortization is expensed in the period of acquisition. Capital assets are being amortized to expense using the declining balance method at the following rates:

Computer equipment	40%
Equipment	30%

#### (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 if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of tangible capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Externally restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Interest is recognized when earned, donations are recognized when received and service contracts are recognized when the funder is invoiced for reimbursement of expenses.

#### (f) Financial assets

Financial assets, consisting of cash, GST receivable, and due from related party, are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

#### (g) Non-financial assets

Non-financial assets, consisting of prepaid expenses, are not available to discharge existing liabilities and are held for use in the provision of services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.



# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Net debt

Net debt is measured as the difference between the Council's liabilities and financial assets. This difference bears directly on the Council's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations.

#### (i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of tangible capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

### 3. RELATED PARTY TRANSACTIONS

SRC is related in terms of common ownership to all GNWT-created departments, territorial corporations and public agencies. SRC 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 period and balances at period-end, not disclosed elsewhere in the financial statements, are disclosed in this note.

(a) During the period, the Council entered into transactions with the following related parties:

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
Revenues		
MACA - Games funding	\$ -	\$ 850,000
NWT Lottery Authority - Program funding	-	4,557,146
	<u>\$ -</u>	<u>\$ 5,407,146</u>
Expenses		
Beaufort Delta Education Council	\$ -	\$ 42,785
Sahtu Divisional Education Council	-	13,500
	<u>\$ -</u>	<u>\$ 56,285</u>

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2020

### 3. RELATED PARTY TRANSACTIONS, continued

(b) The amount due from NWT Lottery Authority are payments made to Nunavut Lottery on behalf of the Council.

(c) Due to related party

	February 29, 2020	March 31, 2019
NWT Lottery Authority	\$ -	\$ 6,151

(d) The change in amounts due to and from related parties during the period are as follows:

	Due from MACA	Due to NWT Lottery Authority	Net
Opening balance	\$ -	\$ 6,151	\$ 6,151
Items affecting cash:			
Advances received	10,850	-	10,850
Transfer of SRC bank accounts	(53,251)	(14,850)	(68,101)
Transfers not affecting cash:			
Transfer of SRC accumulated surplus	51,100	-	51,100
Set-off on dissolution	(8,699)	8,699	-
Closing balance	\$ -	\$ -	\$ -

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 4. TANGIBLE CAPITAL ASSETS

	February 29, 2020		March 31, 2019	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ -	\$ -	\$ -	\$ 661
Equipment	-	-	-	215
	\$ -	\$ -	\$ -	\$ 876

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2020

### 5. LINE OF CREDIT

In December 2015, a line of credit was authorized by the Board of Directors to a maximum of \$600,000 and bears interest at bank's prime lending rate plus 0.60% per annum and is secured by a borrowing resolution signed by the Board of Directors. Balance as of February 29, 2019 is \$nil (2019 - \$nil). All accounts were closed as at February 29, 2020.

### 6. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, amounts due to and from related parties, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, market, currency, credit, liquidity of cash flow risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 7. LOTTERY AUTHORITY

The Lottery Authority was established by SRC as per section 4(1) of the *Western Canada Lottery Act* and regulations for the purpose of assisting the SRC in the performance of its duties under the regulations. By agreement dated April 1, 2009, between the Western Canada Lottery Corporation (WCLC) and the SRC, the SRC agreed to jointly market with the WCLC the lottery schemes in the Northwest Territories. By the agreement dated April 1, 2015, provision of marketing the WCLC products in the Nunavut was extended to March 31, 2020.

# N.W.T. SPORT AND RECREATION COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

February 29, 2020

### 8. TERRITORIAL SPORT ORGANIZATION CONTRIBUTIONS

The Council received the following contributions during the period:

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
Archery	\$ -	\$ 20,000
Arctic Sports/Dene Games	-	20,000
Athletics NWT	-	65,790
Aurora Horse	-	(20,000)
Badminton	-	(22,200)
Basketball	-	100,000
Biathlon	-	(51,780)
Bowling	-	20,000
Broomball	-	20,000
Cross Country Skiing	-	100,000
Curling	-	82,500
Figure Skating	-	20,000
Hockey	-	100,000
Judo	-	100,000
Karate	-	(20,000)
School Sports	-	(20,000)
Shooting	-	31,000
Snowboarding	-	47,500
Soccer	-	100,000
Softball	-	82,500
Special Olympics	-	20,000
Speed Skating	-	82,500
Squash	-	65,000
Swimming	-	100,000
Table Tennis	-	20,000
Tennis	-	47,500
Volleyball	-	82,500
Wrestling	-	20,000
	\$ -	\$ 1,212,810

All contracts with the various sport organizations have been assumed by the GNWT.

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

### SCHEDULE OF ADMINISTRATION

### Schedule 1

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
<b>REVENUES</b>		
Lottery contribution	\$ -	\$ 747,912
Interest revenue	1,076	13,909
In-kind contribution	<u>5,250</u>	<u>-</u>
	<u>6,326</u>	<u>761,821</u>
<b>EXPENSES</b>		
Amortization	-	532
Audit and accounting fees	6,450	11,987
Bank charges	43	182
Contributions to Lex Borealis	-	707,714
Loss on disposal of tangible capital assets	875	-
Supplies	-	350
Travel	-	2,379
Wages and benefits	<u>-</u>	<u>38,677</u>
	<u>7,368</u>	<u>761,821</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (1,042)</u>	<u>\$ -</u>



# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

### SCHEDULE OF INVESTMENT AND EVALUATION

### Schedule 2

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
<b>REVENUES</b>		
Lottery contribution	\$ -	\$ 3,809,233
<b>EXPENSES</b>		
Aboriginal Sport Circle of the NWT	-	800,000
Beaufort Delta Sahtu contributions	-	197,083
Mackenzie Recreation Association	-	360,000
NWT Recreation and Parks Association	-	800,000
Sport North Federation	-	800,000
Territorial Sport Organizations	-	1,212,810
	-	4,169,893
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	\$ -	\$ (360,660)

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

### SCHEDULE OF MULTI SPORT GAMES

Schedule 3

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
<b>REVENUES</b>		
MACA contribution	\$ -	\$ 850,000
Interest revenue	-	8
	<u>-</u>	<u>850,008</u>
<b>EXPENSES</b>		
Bank charges	-	13,645
Contribution to Sport North Federation	-	372,190
	<u>-</u>	<u>385,835</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ 464,173</u>

# N.W.T. SPORT AND RECREATION COUNCIL

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the eleven months ended February 29, 2020

### SCHEDULE OF REVENUES & EXPENSES BY OBJECT

Schedule 4

	Eleven months ended February 29, 2020	Twelve months ended March 31, 2019
Lottery revenue	\$ -	\$ (4,557,143)
MACA revenue	-	(850,000)
In-kind contribution	(5,249)	-
Interest revenue	(1,076)	(13,917)
Amortization	-	532
Audit and accounting fees	6,450	11,987
Bank charges	42	13,825
Loss on disposal of tangible capital assets	875	-
Supplies	-	350
Travel	-	2,379
Wages and benefits	-	38,677
Contribution to games	-	372,190
Contribution to partners	-	4,877,607
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 1,042</b>	<b>\$ (103,513)</b>



**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**

**AUDITED FINANCIAL STATEMENTS**

**March 31, 2020**

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**Financial Statements**  
**Year ended March 31, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**FINANCIAL STATEMENTS**

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Statement IV	Statement of Cash Flow	4
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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, 2019, the statement of changes in net financial asset, statement of operations, statements of accumulated surplus and cash flow 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, 2020, 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.

### **Emphasis of Matter**

We draw attention to Note 7 in the audited financial statements, which indicates that due to Covid-19 Pandemic, the board had to cancel its trip and is adjusting its operation to cope up with the existing social distancing rules and travel restrictions. As stated in the note 7, management think there is no going concern issues for the board. 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 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.

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## ***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 my audit.

## 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



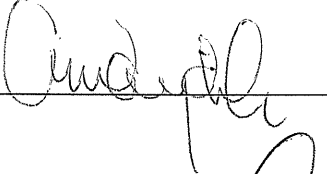
**Doug Rankin, Executive Director**  
**Northwest Territories Surface Rights Board**  
**June 29, 2020**

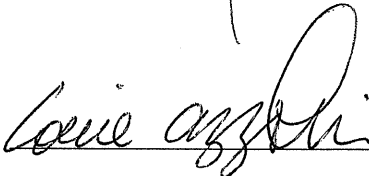
**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
As At March 31, 2020

Statement I

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 116,292	\$ 116,701
Accounts receivable (Note 4)	58	50
<b>TOTAL FINANCIAL ASSETS</b>	<b>116,350</b>	<b>116,751</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts Payable (Note 5)	99,622	84,250
Deferred Revenue (Note 6)	18,371	33,945
	<b>117,993</b>	<b>118,195</b>
<b>NET FINANCIAL ASSETS</b>	<b>(1,643)</b>	<b>(1,444)</b>
<b>NON FINANCIAL ASSETS</b>		
Prepaid Expenses	1,643	1,444
Tangible Capital Assets	-	-
	<b>1,643</b>	<b>1,444</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>

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 OF OPERATIONS**  
**For the Year Ended March 31, 2020**

**Statement II**

	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>		
Government of NWT Contributions	306,490	302,595
Prior year surplus	33,945	78,065
Interest revenue	623	622
Transferred to deferred revenue	(18,371)	(33,945)
<b>TOTAL REVENUE</b>	<b>322,687</b>	<b>347,337</b>
<b>OPERATING EXPENSES</b>		
Professional fees	135,817	150,702
Honorarium	44,849	64,811
Board travel and other costs	14,939	24,749
Wages and Benefits	58,083	67,520
Information technology and computer costs	35,673	11,941
Rent	13,758	15,745
Advertising and external communication	1,862	492
Office and other supplies	5,750	5,937
Telephone, fax and Internet	3,404	3,322
Staff Travel and training	6,042	-
Bank charges and interest	519	374
Insurance	1,991	1,744
<b>TOTAL EXPENSES</b>	<b>322,687</b>	<b>347,337</b>
<b>OPERATING SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>-</b>	<b>-</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSET**  
**For The Year Ended March 31, 2020**

**Statement III**

	<b>2020</b>		<b>2019</b>
<b>NET FINANCIAL ASSET, BEGINNING OF YEAR</b>	<b>(1,444)</b>	<b>\$</b>	<b>(1,262)</b>
Items Affecting Net Financial Asset:			
Net Surplus (Deficit) from Operations	-		-
Use (Acquisition) of Prepaid	(199)		(182)
Consumption of Inventories	-		-
<b>NET FINANCIAL ASSET, END OF YEAR</b>	<b>(1,643)</b>	<b>\$</b>	<b>(1,444)</b>



**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**STATEMENT OF CASH FLOW**  
**For the Year Ended March 31, 2020**

**Statement IV**

	<b>2020</b>	<b>2019</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditure	\$ -	\$ -
Decrease (increase) in accounts receivable	(6)	25
Decrease (increase) in prepaid expenses	(199)	(182)
Increase (decrease) in accounts payable	15,370	37,475
Increase (decrease) in deferred revenue	(15,574)	(44,120)
	(409)	(6,802)
Net increase (decrease) in cash and equivalents	(409)	(6,802)
Cash and equivalents at beginning of Year	116,701	123,503
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>116,292</b>	<b>116,701</b>
<b>Cash consists of :</b>		
Cash in bank	91,292	91,701
GIC	25,000	25,000
	<b>\$ 116,292</b>	<b>\$ 116,701</b>

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

## **1. NATURE OF ORGANIZATION**

NORTHWEST TERRITORIES SURFACE RIGHTS 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) Capital Assets**

Capital assets, when purchased, are recorded in the Capital Fund at cost minus accumulated amortization, and offset by the Investment in Capital Assets and any related debt. Amortization is provided to reduce the Investment in Capital Assets over the expected useful lives of the particular assets. Amortization is recorded using the diminishing balance method. At March 31, 2020, the Board had not acquired any capital assets.

### **2c) Revenue and Expenditure Recognition**

#### **Government Contracts and Contribution Agreements:**

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Fund accounting**

Revenues and expenses related to Board operations delivery and administrative activities are reported in the Operating Fund. The net book value of capital assets is reported in the Capital Fund, offset by Investment in Capital Assets and any related debt.

### **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.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will affect the organization's revenue, the organization's expenses and the organization's financial instruments. The Board does not own a significant number of interest earning assets and the Board does not have a significant number of interest bearing liabilities.

#### **Liquidity Risks**

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

**Financial Instruments (Contd...)**

**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. FUTURE ACCOUNTING CHANGES**

**PS 3280-Asset retirement obligations:** This new section establishes standards on how to account for and report a liability for asset retirement obligations. This section is effective for fiscal periods beginning on or after April 1, 2021. The impact of the transition to these accounting standards has not yet been determined.

**PS 3400-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. This section is effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

Besides these, PSAB also released new standard PS 2601 Foreign Currency translation and PS 3450 Financial Instrument. However these standards were for Governments only. Government Organizations had already applied these standards on April 1, 2012. The impact of the transition to these accounting standards is being reviewed by the management.

**4. ACCOUNTS RECEIVABLE**

	2020	2019
GNWT	\$ 5	\$ 5
Interest Receivable	53	45
	<b>\$ 58</b>	<b>\$ 50</b>

**5. ACCOUNTS PAYABLE**

	2020	2019
Trades payable	\$ 63,109	\$ 46,177
Wages and honoraria fee payable	35,099	28,735
Vacation payable	903	827
WCB payable	275	-
Payroll remittances payable	-	4,836
GNWT payroll tax payable	236	584
RRSP payable	-	3,091
	<b>\$ 99,622</b>	<b>\$ 84,250</b>

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

**6. 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 \$18,371 is repayable to GNWT.

	<b>2020</b>	<b>2019</b>
Balance, beginning of period	\$ 33,945	\$ 78,064
Deferred Revenue recognized as revenue during for the year	(33,945)	(78,064)
Comprised of:	-	-
Deferred revenue for processing applications	18,371	33,945
	<b>\$ 18,371</b>	<b>\$ 33,945</b>

**7. GOING CONCERN**

These financial statements have been prepared in accordance with accounting standards that apply to going concern. Under the going concern assumption, an organization is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of business. As the world has been hit hard by the Covid-19 Pandemic, NWT Surface Right Board is no exception to it. Due to the travel restrictions imposed, the board had to cancel its trip to visit Alberta Surface Right Board. Similarly, due to the closures of the courts, the board would be facing challenges to resolve the legal matter even though there are no cases on horizon for now. Management is in the process of renting bigger than normal board rooms in order to conduct their regular meetings. With the gradual reopening of the business and activities including courts, management also thinks the board should be able to resolve the legal disputes if needed. As per the management, NWT surface right board is an institution of public government and is fully funded by the Government of Canada. Management does not believe that there is a significant doubt on the board ability to continue as going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. As described above, management believes that the measures it has taken or intent to take will mitigate the effect of the conditions and events that cast doubt on the appropriateness of this assumption.

**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.

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

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**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, 2020.

**10. COMMITMENTS**

The existing rent agreement expired on March 31, 2020. No new lease agreement has been signed yet. Per management, the landlord is looking for a 5 year lease renewal terms. Management will be discussing the lease agreement in its next board meeting.

**11. SUBSEQUENT EVENTS**

The Board has determined that there have been no subsequent events that provide further evidence of conditions which existed at the financial statement date, and/or which are indicative of conditions which arose subsequent to the financial statement date.

**STATUS OF WOMEN COUNCIL OF THE NWT**  
**Yellowknife, NT**

**FINANCIAL STATEMENTS**  
**For the year ended March 31, 2020**

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# *Status of Women Council of the N.W.T.*

P.O. Box 1320, Yellowknife, NWT X1A 2L9

## **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.

A handwritten signature in blue ink that reads 'Louise Elder'.

Executive Director

June 29, 2020





# VERY COOPER & CO. LTD.

Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

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, 2020, 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, 2020, and its results of 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.

#### *Emphasis of Matter*

Without modifying our opinion, we draw attention to note 10 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 prior to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

#### *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..



## INDEPENDENT AUDITOR'S REPORT, continued

### *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.

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.



## INDEPENDENT AUDITOR'S REPORT, 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 29, 2020



# STATUS OF WOMEN COUNCIL OF THE NWT

## STATEMENT OF FINANCIAL POSITION

March 31, 2020

### ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT</b>		
Cash	\$ 136,492	\$ 133,407
Accounts receivable (note 3)	<u>13,835</u>	<u>30,405</u>
	150,327	163,812
<b>DESIGNATED CASH</b>	81,732	-
<b>INVESTMENTS (note 4)</b>	-	80,679
<b>TANGIBLE CAPITAL ASSETS (note 5)</b>	<u>8,878</u>	<u>12,685</u>
	<u>\$ 240,937</u>	<u>\$ 257,176</u>

### LIABILITIES

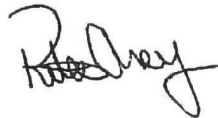
<b>CURRENT</b>		
Trade payables and accruals (note 6)	\$ 64,983	\$ 40,305
Wages and benefits payable (note 7)	35,258	30,395
Government remittances payable	11,110	10,260
Deferred revenue (note 8)	<u>59,049</u>	<u>102,628</u>
	<u>170,400</u>	<u>183,588</u>

**CONTINGENCIES (note 9)**

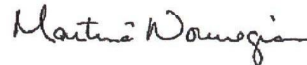
### FUND BALANCES

<b>UNRESTRICTED SURPLUS (DEFICIT) per page 3</b>	(7,223)	(7,978)
<b>INVESTED IN TANGIBLE CAPITAL ASSETS per page 3</b>	8,878	12,684
<b>CONTINGENCY FUND per page 3</b>	38,882	38,882
<b>BENEFITS FUND per page 3</b>	<u>30,000</u>	<u>30,000</u>
	<u>70,537</u>	<u>73,588</u>
	<u>\$ 240,937</u>	<u>\$ 257,176</u>

Approved:



Member



Member

# STATUS OF WOMEN COUNCIL OF THE NWT

## STATEMENT OF OPERATIONS

For the year ended March 31, 2020

	2020	2019
<b>REVENUES</b>		
Core - Schedule 1	\$ 475,108	\$ 474,699
Gender Equity - Schedule 2	83,115	110,391
Family Violence Awareness Month - Schedule 3	53,000	47,155
Leadership Forums - Schedule 4	39,613	-
Wise Women Awards - Schedule 5	22,225	-
NGO Stabilization Fund - Schedule 6	22,262	13,695
Elimination of Violence - Schedule 7	16,932	15,000
Crime Week - Schedule 8	8,500	-
Workplace Sexual Harassment - Schedule 9	8,338	-
Vigil - Schedule 10	1,114	596
Women's Gatherings - Schedule 11	625	11,502
Campaign School - Schedule 12	419	17,581
Take Back the Night - Schedule 13	-	553
	731,251	691,172
<b>EXPENSES</b>		
Core - Schedule 1	478,159	483,294
Family Violence Awareness Month - Schedule 3	53,000	47,155
Gender Equity - Schedule 2	83,115	110,391
NGO Stabilization Fund - Schedule 6	22,262	13,695
Leadership Forums - Schedule 4	39,613	-
Wise Women Awards - Schedule 5	22,225	-
Workplace Sexual Harassment - Schedule 9	8,338	-
Crime Week - Schedule 8	8,500	-
Campaign School - Schedule 12	419	17,581
Take Back the Night - Schedule 13	-	553
Vigil - Schedule 10	1,114	670
Elimination of Violence - Schedule 7	16,932	15,000
Women's Gatherings - Schedule 11	625	11,502
	734,302	699,841
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (3,051)</b>	<b>\$ (8,669)</b>

# STATUS OF WOMEN COUNCIL OF THE NWT

## STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2020

	2020			
	Unrestricted Surplus (Deficit)	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund  Total
<b>BALANCE, opening</b>	\$ (7,978)	\$ 12,684	\$ 38,882	\$ 30,000
Deficiency of revenues over expenses	(3,051)	-	-	-
Amortization of tangible capital assets	3,806	(3,806)	-	-
<b>BALANCE, closing</b>	<u>\$ (7,223)</u>	<u>\$ 8,878</u>	<u>\$ 38,882</u>	<u>\$ 30,000</u>
				<u>\$ 70,537</u>
				<u>(3,051)</u>
				<u>\$ 73,588</u>
				<u>\$ 30,000</u>
				<u>\$ 38,882</u>
				<u>\$ 70,537</u>
				<u>\$ 30,000</u>
				<u>\$ 73,588</u>

	2019			
	Unrestricted Deficit	Invested in Tangible Capital Assets	Contingency Fund	Benefits Fund  Total
<b>BALANCE, opening</b>	\$ (2,073)	\$ 2,448	\$ 43,221	\$ 38,661
Deficiency of revenues over expenses	(8,669)	-	-	-
Transfers	-	-	8,661	(8,661)
Capital contributions	13,000	-	(13,000)	-
Purchase of tangible capital assets	(12,775)	12,775	-	-
Amortization of tangible capital assets	2,539	(2,539)	-	-
<b>BALANCE, closing</b>	<u>\$ (7,978)</u>	<u>\$ 12,684</u>	<u>\$ 38,882</u>	<u>\$ 30,000</u>
				<u>\$ 73,588</u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions and donations	\$ 632,192	\$ 595,421
Cash paid for materials and services	(308,027)	(249,153)
Cash paid for wages and benefits	(321,080)	(304,750)
Contributions repaid	-	(41,295)
	<u>3,085</u>	<u>223</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	-	(12,775)
Decrease in marketable securities	81,732	12,983
	<u>81,732</u>	<u>208</u>
<b>INCREASE IN CASH</b>	84,817	431
<b>CASH, opening</b>	<u>133,407</u>	<u>132,976</u>
<b>CASH, closing</b>	<u>\$ 218,224</u>	<u>\$ 133,407</u>
<b>REPRESENTED BY:</b>		
Cash	\$ 136,492	\$ 133,407
Designated cash	<u>81,732</u>	<u>-</u>
	<u>\$ 218,224</u>	<u>\$ 133,407</u>



# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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:



# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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.

# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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

	<u>2020</u>	<u>2019</u>
GNWT - Executive & Indigenous Affairs	\$ -	\$ 18,000
GNWT - Health & Social Services	13,000	12,405
Canada - Justice Partnership and Innovation Program	<u>835</u>	<u>-</u>
	<u>\$ 13,835</u>	<u>\$ 30,405</u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 4. INVESTMENTS

	2020	2019
Bank of Nova Scotia Cashable GIC's:		
Interest rate 1.30% per annum, due March 28, 2020	\$ -	\$ 30,000
Interest rate 1.30% per annum, due March 28, 2020	-	50,679
	\$ -	\$ 80,679

### 5. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 58,081	\$ 49,848	\$ 8,233	\$ 11,794
Equipment	4,870	4,225	645	891
	\$ 62,951	\$ 54,073	\$ 8,878	\$ 12,685

### 6. TRADE PAYABLES AND ACCRUALS

	2020	2019
Trade payables	\$ 41,426	\$ 19,350
Scotiabank Visa	8,325	8,955
Accrued liabilities	15,232	12,000
	\$ 64,983	\$ 40,305

### 7. WAGES AND BENEFITS PAYABLE

	2020	2019
Wages payable	\$ 6,971	\$ 4,979
Severance liability	10,142	9,297
Vacation and lieu payable	18,145	16,119
	\$ 35,258	\$ 30,395



# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 8. DEFERRED REVENUE

Deferred revenue as at March 31, 2020, consists of the following:

	<u>2020</u>	<u>2019</u>
Elimination of Violence	\$ 68	\$ -
Government of Canada - Gender Equity	48,468	81,585
GNWT	-	420
Corporate	-	623
Wise women	7,275	20,000
NGO Stabilization	<u>3,238</u>	<u>-</u>
	<u>\$ 59,049</u>	<u>\$ 102,628</u>
Deferred revenue, opening	\$ 102,628	\$ 96,574
Receipts	25,568	102,209
Funding receivable	-	419
Funding expended	<u>(69,147)</u>	<u>(96,574)</u>
	<u>\$ 59,049</u>	<u>\$ 102,628</u>

### 9. CONTINGENCIES

Before year-end, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. The extent of the impact the COVID-19 outbreak may have on the Council will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S. or other countries to fight the virus. The Council's activities have not been significantly impacted thus far; however, the Council continues to assess the impact COVID-19 will have on its operations.

### 10. CONTRACTUAL RIGHTS

As at March 31, 2020, the Council had entered into contribution agreements with the GNWT - Department of Executive & Indigenous Affairs with the term April 1, 2018 - March 31, 2021, and Canada - Justice Partnership and Innovation Program with the term January 6, 2020 - March 31, 2024. The future maximum contributions are as follows:

# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 10. CONTRACTUAL RIGHTS, continued

	GNWT - Department of Executive & Indigenous Affairs	Canada Justice Partnership and Innovation Program	Total
	<u>          </u>	<u>          </u>	<u>          </u>
2021	\$ 394,000	\$ 255,530	\$ 649,530
2022	-	310,218	310,218
2023	-	503,426	503,426
2024	-	490,615	490,615
	<u>\$ 394,000</u>	<u>\$ 1,559,789</u>	<u>\$ 1,953,789</u>

### 11. 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.

### 12. REVENUES BY OBJECT

	<u>2020</u>	<u>2019</u>
Government grants and contributions	\$ 644,029	\$ 609,324
Contributed rent	71,000	71,000
Sponsorship, donations and events	6,115	1,149
Administration fees	9,054	9,682
Interest income	<u>1,053</u>	<u>17</u>
	<u>\$ 731,251</u>	<u>\$ 691,172</u>

### 13. COMMITMENT

As at March 31, 2020, the Council has outstanding quarterly commitments of \$2,267 with respect to an office equipment lease expiring November 12, 2020 as follows:

2021	<u>\$ 4,533</u>
------	-----------------

### 14. 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:

# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 14. BENEFITS FUND, continued

	<u>2020</u>	<u>2019</u>
Benefits Fund, opening	\$ 30,000	\$ 38,661
Transfer excess to Contingency Fund	<u>-</u>	<u>(8,661)</u>
Benefits Fund, closing	<u>\$ 30,000</u>	<u>\$ 30,000</u>

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.

### 15. 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:

	<u>2020</u>	<u>2019</u>
Contingency Fund, opening	\$ 38,882	\$ 43,221
Transfer for server purchase	-	(13,000)
Transfer from Benefits Fund	-	8,661
Transfer from unrestricted surplus	<u>12,850</u>	<u>-</u>
Contingency Fund, closing	<u>\$ 51,732</u>	<u>\$ 38,882</u>

The Council maintains designated cash to cover the required fund balance. There are sufficient funds to cover the balance in the current year.

### 16. 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, 2020, the Council has a \$20,000 (2019 - \$20,000) credit card facility with the Bank of Nova Scotia.

# STATUS OF WOMEN COUNCIL OF THE NWT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 17. 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.

	<u>2020</u>	<u>2019</u>
Revenue		
GNWT - Executive & Indigenous Affairs	\$ 431,780	\$ 423,083
GNWT - Department of Justice	44,000	36,750
GNWT - Health & Social Services	26,000	25,405
GNWT - Municipal & Community Affairs	22,262	13,695
GNWT - Infrastructure (Contributed rent)	71,000	71,000
GNWT - Women's Initiative Grant	<u>7,375</u>	<u>-</u>
	<u>\$ 602,417</u>	<u>\$ 569,933</u>
Expenses		
GNWT - Infrastructure (Contributed rent)	\$ 71,000	\$ 71,000
GNWT - Financial Shared Services	7,269	7,320
Northwest Territories Health and Social Services Authority	<u>1,250</u>	<u>-</u>
	<u>\$ 79,519</u>	<u>\$ 78,320</u>

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.

### 18. 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, 2020

### Schedule - CORE

### Schedule 1

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
GNWT - Executive & Indigenous Affairs	\$ 394,000	\$ 394,000
GNWT - Infrastructure - Contributed Rent	71,000	71,000
Admin Recovery	7,907	8,100
Miscellaneous	<u>2,201</u>	<u>1,599</u>
	<u>475,108</u>	<u>474,699</u>
<b>EXPENSES</b>		
Advertising & Promotion	454	221
Amortization	3,806	2,539
Catering	1,048	1,228
Communications	8,167	8,387
Computer Services	7,015	7,065
Contributed Rent	71,000	71,000
Equipment Rental	9,066	9,066
Honoraria	12,550	11,300
Interest & Bank Charges	154	484
Mail Service	1,320	729
Meeting Expenses/Conference Fees	-	121
Meetings	169	-
Professional Development - Staff	7,094	5,919
Professional/Contract Service	32,505	22,891
Resources/Subscriptions	2,245	1,601
Supplies	2,051	5,749
Technology	4,413	2,844
Travel	18,402	17,538
Wages & Benefits	<u>296,700</u>	<u>314,612</u>
	<u>478,159</u>	<u>483,294</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (3,051)</u>	<u>\$ (8,595)</u>



# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - GENDER EQUITY

### Schedule 2

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Government of Canada	\$ 50,000	\$ 191,974
Deferred Revenue	<u>33,115</u>	<u>(81,583)</u>
	<u>83,115</u>	<u>110,391</u>
<b>EXPENSES</b>		
Administration Fees	6,103	6,103
Communications	-	25
Facility Rental	-	400
Honoraria	-	3,751
Materials	103	7,521
Professional fees	5,000	-
Project Management	25,000	28,050
Travel - Projects	28,909	53,541
Wages & Benefits	<u>18,000</u>	<u>11,000</u>
	<u>83,115</u>	<u>110,391</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - FAMILY VIOLENCE AWARENESS MONTH

### Schedule 3

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
GNWT - Justice	\$ 27,000	\$ 21,750
GNWT - Health & Social Services	<u>26,000</u>	<u>25,405</u>
	<u>53,000</u>	<u>47,155</u>
<b>EXPENSES</b>		
Administration Fees	3,045	2,000
Communications	4,495	2,815
Community Events	34,950	26,650
Design & Printing	2,669	4,978
FVAW Resource Package	6,825	-
Materials	-	9,150
YK Event	<u>1,016</u>	<u>1,562</u>
	<u>53,000</u>	<u>47,155</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - LEADERSHIP FORUMS

### Schedule 4

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
INAC	\$ 36,738	\$ -
Grants	<u>2,875</u>	<u>-</u>
	<u>39,613</u>	<u>-</u>
<b>EXPENSES</b>		
Catering	2,889	-
Facility Rental	2,865	-
Honoraria	1,000	-
Marketing & Communications	484	-
Materials & Supplies	632	-
Printing & Postage	379	-
Professional Fees	23,000	-
Project Travel	8,104	-
Volunteer Appreciation	<u>260</u>	<u>-</u>
	<u>39,613</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - WISE WOMEN AWARDS

### Schedule 5

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Deferred Revenue	\$ 12,725	\$ -
Grants, Sponsorships	<u>9,500</u>	<u>-</u>
	<u>22,225</u>	<u>-</u>
<b>EXPENSES</b>		
Awards & Recognition	3,145	-
Catering	3,886	-
Marketing & Communications	4,004	-
Project Travel	<u>11,190</u>	<u>-</u>
	<u>22,225</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - NGO STABILIZATION FUND

### Schedule 6

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
GNWT - Municipal & Community Affairs	\$ 25,500	\$ 13,695
Deferred Revenue	<u>(3,238)</u>	<u>-</u>
	<u>22,262</u>	<u>13,695</u>
<b>EXPENSES</b>		
Catering	-	243
Professional Fees	20,000	5,070
Project Travel	<u>2,262</u>	<u>8,382</u>
	<u>22,262</u>	<u>13,695</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - ELIMINATION OF VIOLENCE

### Schedule 7

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
GNWT - Justice	\$ 17,000	\$ 15,000
Deferred Revenue	<u>(68)</u>	<u>-</u>
	<u>16,932</u>	<u>15,000</u>
<b>EXPENSES</b>		
Administration Fees	1,700	105
Catering	4,124	2,478
Freight/Transportation	167	766
Marketing & Communications	298	-
Materials & Supplies	8,259	11,301
Project Travel	2,384	-
Speaker Fees	<u>-</u>	<u>350</u>
	<u>16,932</u>	<u>15,000</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - CRIME WEEK

### Schedule 8

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Justice Canada	\$ 8,500	\$ -
<b>EXPENSES</b>		
Administration	132	-
Catering	3,636	-
Marketing & Communications	2,243	-
Materials & Supplies	775	-
Printing & Postage	231	-
Speaker Fees	<u>1,483</u>	<u>-</u>
	<u>8,500</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - WORKPLACE SEXUAL HARASSMENT

### Schedule 9

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Justice Canada	\$ 8,338	\$ -
<b>EXPENSES</b>		
Accounting & Legal	2,000	-
Administration	1,088	-
Operating	250	-
Wages & Benefits	<u>5,000</u>	<u>-</u>
	<u>8,338</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - VIGIL

### Schedule 10

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Sponsorship, Donations & Events	\$ 1,114	\$ 596
<b>EXPENSES</b>		
Advertising	-	19
Marketing & Communications	557	476
Materials & Supplies	257	175
Facility Rental	<u>300</u>	<u>-</u>
	<u>1,114</u>	<u>670</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ (74)</u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - WOMEN'S GATHERINGS

### Schedule 11

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
GNWT - Executive & Indigenous Affairs	\$ 2	\$ 12,125
Deferred Revenue	<u>623</u>	<u>(623)</u>
	<u>625</u>	<u>11,502</u>
<b>EXPENSES</b>		
Administration	625	51
Catering	-	1,444
Facility Rental	-	1,325
Honoraria	-	1,500
Marketing & Communications	-	466
Materials & Supplies	-	943
Printing & Postage	-	39
Project Travel	-	3,513
Speaker Fees	-	300
Volunteer Appreciation	-	1,831
Wages & Benefits	<u>-</u>	<u>90</u>
	<u>625</u>	<u>11,502</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - CAMPAIGN SCHOOL

### Schedule 12

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
GNWT - Executive & Indigenous Affairs	\$ -	\$ 18,000
Deferred Revenue	<u>419</u>	<u>(419)</u>
	<u>419</u>	<u>17,581</u>
<b>EXPENSES</b>		
Professional Fees	-	9,000
Administration	419	2,000
Catering	-	2,950
Facility Rental	-	3,000
Marketing & Communications	-	506
Materials	-	87
Printing & Postage	<u>-</u>	<u>38</u>
	<u>419</u>	<u>17,581</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### Schedule - TAKE BACK THE NIGHT

### Schedule 13

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Sponsorship, Donations & Events	\$ -	\$ 553
<b>EXPENSES</b>		
Marketing & Communications	<u>-</u>	<u>553</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# STATUS OF WOMEN COUNCIL OF THE NWT

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

### SCHEDULE OF EXPENSES BY OBJECT

### Schedule 14

	<u>2020</u>	<u>2019</u>
Administration Fees	\$ 13,689	\$ 11,375
Advertising & Promotion	12,533	5,082
Amortization	3,806	2,539
Communications	8,167	8,387
Computer	11,428	9,909
Conferences	58,709	43,882
Design & Printing	-	122
Equipment Rental	9,066	9,066
Equipment Use	2,442	2,271
Fees & Dues	-	400
Freight/Postage	4,767	6,550
Honoraria	13,550	16,551
Interest & Bank Charges	154	84
Miscellaneous	9,972	-
Office & Administration	250	-
Office Supplies	1,566	4,455
Professional/Contract Service	105,064	62,722
Rent	71,300	71,000
Resources/Subscription	12,178	30,851
Travel & Accommodation	68,867	82,974
Wages & Benefits	326,794	331,621
	<u>\$ 734,302</u>	<u>\$ 699,841</u>

# **FUR MARKETING SERVICE REVOLVING FUND**

**FOR THE YEAR ENDED MARCH 31, 2020**

(Unaudited)

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 )

	2019/20 Actuals	2019/20 Revised Estimates	2019/20 Main Estimates	2018/19 Actuals
Authorized Limit	1,500	1,500	1,500	1,500
Opening Accounts Receivable	1,659	1,659	848	1,201
Advances to Trappers	466	816	803	1,425
Repayment of Fur Account Loans	(844)	(980)	(680)	(967)
Closing Accounts Receivable	1,281	1,495	971	1,659
Cash	(2,930)			(2,980)
Other Asset Accounts	1			2
Asset (Liability) Accounts	335			(154)
Clearing Accounts	63			63
<b>Closing Balance Fund 12</b>	<b>(1,250)</b>			<b>(1,410)</b>
Authorized limit	1,500			1,500

The information provided within this working paper addresses all requirements of YE Directive #49 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 28th, 2020.

Joyce Taylor, DFA

May 27, 20

## Environment and Natural Resources

### Fur Marketing Service Revolving Fund

(Information Item)

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. More than 1,000 NWT trappers take advantage of this program.

(thousands of dollars)

	<b>2020-2021 Main Estimates</b>	<b>2019-2020 Revised Estimates</b>	<b>2019-2020 Main Estimates</b>	<b>2018-2019 Actuals</b>
Authorized Limit	<b>1,500</b>	1,500	1,500	1,500
Operating Results:				
Opening Accounts Receivable	<b>1,495</b>	1,659	848	1,201
Advances to Trappers	<b>790</b>	816	803	1,425
Repayment of Fur Account Loans	<b>(795)</b>	(980)	(680)	(967)
<b>Closing Accounts Receivable (Note)</b>	<b>1,490</b>	1,495	971	1,659

Note: Some fur remains unsold at auction for extended periods. The spring sale proceeds, which are received after fiscal year end, pay off most of the remaining advances from the trapping season.



**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Financial Statements**

**March 31, 2020**

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# Marine Transportation Services

## Financial Statements

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**March 31, 2020** **Page**

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## **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, Director  
Marine Transportation Services Revolving Fund  
Yellowknife, Northwest Territories  
August 27, 2020**

## **Independent Auditors' Report**

### **To the Minister of Infrastructure Government of the Northwest Territories Marine Transportation Services**

#### *Qualified Opinion*

We have audited the financial statements of Marine Transportation Services (Marine Transportation Services Revolving Fund), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net debt, 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, except for the 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 Marine Transportation Services Revolving Fund as at March 31, 2020, and its results of operations 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 Marine Transportation Services Revolving Fund that are administrated 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 compensation 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 for the year ended March 31, 2020 and for the year ended March 31, 2019, and payroll liabilities, employee future benefits, net financial resources, and accumulated surplus as at March 31, 2020 and March 31, 2019, as well as note disclosures associated with transactions and year end balances relating to compensation and benefits.

We were not able to observe the counting of the physical inventories at the beginning of the year and at March 31, 2020 and were unable to satisfy ourselves regarding inventory quantities by means of other audit procedures. Accordingly we were unable to determine if further adjustments may be necessary to expenses, excess of revenue (expenses) and cash flow from operations for the year ended March 31, 2020, and inventories and net assets as at March 31 for 2020 year.

#### *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 Marine Transportation Services Revolving 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 Marine Transportation Services Revolving 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.
- ♦ 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.

**Yellowknife, Canada**  
**August 27, 2020**



**Chartered Professional Accountants**

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Statement of Financial Position**

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March 31, 2020 2019  
(restated)

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**Financial Assets**

Cash	\$ 6,173,883	\$ 22,353,382
Accounts receivable (note 5)	2,536,855	5,712,490
	<u>8,710,738</u>	<u>28,065,872</u>

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**Financial liabilities**

Accounts payable and accrued liabilities (note 6)	6,119,364	5,552,127
Employee future benefits (note 7)	22,666	53,705
Due to Government of Northwest Territories - Revolving fund (note 8)	29,623,794	28,789,417
Due to Government of Northwest Territories - long-term loan (note 9)	9,616,947	9,616,947
	<u>(36,672,033)</u>	<u>(15,926,324)</u>

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**Non-financial assets**

Tangible capital assets (note 10)	33,955,761	14,278,948
Prepaid expenses and deposits (note 11)	460,921	455,797
Inventory (note 12)	2,255,351	1,191,579
	<u>36,672,033</u>	<u>15,926,324</u>

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<b>Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>
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Contingent liabilities (note 14)  
Contractual rights (note 15)  
Contractual obligations (note 16)

Approved:

  
\_\_\_\_\_  
Director  
Marine Transportation Services

  
\_\_\_\_\_  
Comptroller  
Marine Transportation Services

**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Statement of Changes in Net Financial Debt**

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual (restated)
<b>Net financial debt, beginning of year</b>	\$(15,305,427)	\$(19,409,867)	\$(12,968,178)
Prior period adjustment (Note 17)		3,483,543	
<b>Net financial assets (debt), beginning of year, as restated</b>	(15,305,427)	(15,926,324)	(12,968,178)
Excess (deficiency) of revenues over expenses	1,272,000		
Amortization		830,380	698,460
Gain on sale of tangible capital assets			
Acquisition of inventories		(1,063,772)	(683,574)
Acquisition of prepaid expenses		(5,124)	(455,797)
Purchase of tangible capital assets		(20,507,193)	(1,896,338)
Proceeds on disposal of tangible capital assets			
<b>Change in net financial debt</b>	<b>1,272,000</b>	<b>(20,745,709)</b>	<b>(2,337,249)</b>
<b>Net financial debt, end of year</b>	<b>\$(14,033,427)</b>	<b>\$(36,672,033)</b>	<b>\$(15,305,427)</b>

**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Statement of Operations**

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual (restated)
<b>Revenues</b>			
Cargo delivery revenue	\$ 7,706,000	\$ 5,470,153	\$ 2,948,207
Fuel delivery revenue	12,350,000	13,803,411	12,060,805
Fuel sales	-	7,762,937	12,115,429
Shipyard services	206,000	2,168,124	1,414,338
Charter revenues	1,900,000	970,648	1,176,855
Rental and other revenue	-	347,036	730,385
	<b>22,162,000</b>	<b>30,522,309</b>	<b>30,446,019</b>
<b>Cost of sales (note 18)</b>	<b>18,082,000</b>	<b>31,653,605</b>	<b>30,354,387</b>
<b>Gross margin (2020 -3.8%, 2019 0.3%)</b>	<b>4,080,000</b>	<b>(1,131,296)</b>	<b>91,632</b>
<b>Expenses</b>			
Accounting and legal	247,000	270,021	156,166
Amortization	554,000	830,380	698,460
Bad debts	-	1,280,310	250,917
Computer expense	-	193,075	144,043
Interest and bank charges	-	12,906	58
Interest on revolving fund	-	654,468	283,775
Interest on long-term debt	-	178,386	192,175
Office and administration	-	751,370	427,232
Training and development	-	168,562	76,313
Property taxes	532,000	871,279	821,794
Repairs and maintenance	-	860,711	51,212
Utilities	309,000	636,886	568,672
Wages and benefits	1,166,000	2,421,187	2,288,682
	<b>2,808,000</b>	<b>9,129,541</b>	<b>5,959,499</b>
<b>Excess (deficiency) of revenues over expenses before other item</b>	<b>1,272,000</b>	<b>(10,260,837)</b>	<b>(5,867,867)</b>
<b>Other revenue (expenses)</b>			
Grant contribution cash (note 19)	-	10,260,837	5,867,867
<b>Excess of revenues over expenses</b>	<b>\$ 1,272,000</b>	<b>\$ -</b>	<b>\$ -</b>



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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Statement of Accumulated Surplus (Deficit)**

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<b>For the year ended March 31,</b>	<b>2020</b>	<b>2019</b>
		<b>(restated)</b>
<b>Accumulated surplus (deficit), as previously stated</b>	<b>\$ (3,483,543)</b>	<b>-</b>
<b>Prior period adjustment (note 17)</b>	<b>3,483,543</b>	<b>-</b>
<b>Accumulated surplus (deficit), as restated</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over expenses</b>	<b>-</b>	<b>-</b>
<b>Accumulated surplus (deficit), end of year</b>	<b>\$ -</b>	<b>\$ -</b>

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Statement of Cash Flows**

For the year ended March 31,	2020	2019 (restated)
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ -	\$ -
Items not affecting cash		
Amortization	830,380	698,460
Finance charges	832,854	475,950
	<b>1,663,234</b>	<b>1,174,410</b>
Change in non-cash working capital items		
Accounts receivable	3,175,635	(4,240,180)
Accounts payable and accrued liabilities	567,238	3,962,831
Employee future benefits	(31,039)	4,139
Inventory	(1,063,772)	(683,574)
Prepaid expenses and deposits	(5,124)	(455,797)
	<b>4,306,172</b>	<b>(238,171)</b>
<b>Financing activities</b>		
Proceeds from Government of Northwest Territories	101,979	4,098,635
Payment to Government of Northwest Territories	-	(6,396,916)
	<b>101,979</b>	<b>(2,298,281)</b>
<b>Investing activity</b>		
Purchase of tangible capital assets	(20,587,650)	(1,896,339)
<b>Increase (decrease) in cash</b>	<b>(16,179,499)</b>	<b>(4,432,791)</b>
<b>Cash, beginning of year</b>	<b>22,353,382</b>	<b>26,786,173</b>
<b>Cash, end of year</b>	<b>\$ 6,173,883</b>	<b>\$ 22,353,382</b>

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## **Marine Transportation Services (Marine Transportation Services Revolving Fund)**

### **Notes to the Financial Statements**

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**March 31, 2020**

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#### **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. The balance of the Fund is reported as due to or from the Government of the Northwest Territories (GNWT) on the statement of financial position.

#### **2. COVID-19**

During the year there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

At the time of approval of these financial statements, in response to the COVID-19 pandemic the management of the Fund 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 Fund.

The Fund relies on suppliers and vendors located outside of the Northwest Territories for some services, such as hiring professional personal for marine transportation operations. Due to Northwest Territories border restrictions and self-isolation requirements upon entry, it is expected that there will be additional costs to using vendors and suppliers from outside the Northwest Territories. There is no meaningful way to measure the impact at this time.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Fund and its operations in future periods.

#### **3. Significant accounting policies**

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**3. Significant accounting policies (continued)**

**(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 client premises. Revenue is recognized on the actual volume of fuel delivered at predetermined rates between the Fund and the client, and when all discharge documents have been acknowledged and signed by the client.

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 client premises and all discharge documents acknowledged and signed by the client. 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 client as specified in the contract.

Shipyards services revenue is recognized in the period when the Fund performs services for any other client outside the normal Fund's activities. Revenue is recognized in the period that the Fund completes and delivers such services to the client.

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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met.

Other revenue is recognized as goods are delivered or services are provided.

**(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.

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**3. Significant accounting policies (continued)**

**(c) 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.

**(d) 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.

**(e) 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.

**(f) 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, accounts receivable, accounts payable and accrued liabilities, employee future benefits, and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**3. Significant accounting policies (continued)**

**(g) Cash and cash equivalents**

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 short-term loan account with the Government of Northwest Territories. The balance in the financial statements reflects the Funds cash and cash equivalents by the end of the year.

**(h) Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

**(i) Non-pension employee future benefits and compensated absences**

Under the terms and conditions of the labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

**(j) Employee future benefits payable**

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary.

The Fund and its employees, who are part of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes an amount equal to the employees' contribution. During the year, the Fund contributed \$97,027 (2019-\$48,787). During the year employees contributed \$97,027 (2019-\$48,787).

The contributions are expensed on a current year basis. Any changes to the balance in subsequent years will be reflected as an expense in the subsequent year. The Fund is not required under the present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**3. Significant accounting policies (continued)**

**(k) 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 (c).

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 Authority
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlcho Community Services Agency
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- 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
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor and Cannabis Commission
- NWT Liquor Licensing Board

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.

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**3. Significant accounting policies (continued)**

**(l) Related party balances**

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (f).

**(m) 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, financing costs 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 its 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.

**(n) Capital work in progress**

Capital work in progress is represents capital projects under construction but not completed and are valued at cost. Capital work in progress is accumulated until ready to use. Amortisation is recorded when the asset has been put to use.



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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**3. Significant accounting policies (continued)**

**(o) 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, 2020, there was nothing that required clean up and thus no liability related to contaminated sites.

**(p) Inter entity transactions**

Inter entity transactions are transactions between commonly controlled entities and between the Government of Northwest Territories 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.

**(q) Budget**

Budget figures not audited and are intended for information purposes only.

**(r) 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, the processing of payroll, insurance and risk management, legal counsel, record storage and computer operations and internal audit services, as it is difficult to estimate them.

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**4. Future changes to significant accounting policies**

**Revenue, Section PS 3400**

This Section is effective for fiscal periods beginning on or after April 1, 2022. 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.

**Asset Retirement Obligations, Section PS 3280**

This section will be effective for fiscal years beginning on or after April 1, 2021 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. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this accounting standard, if any, has not yet been determined.

**5. Accounts receivable**

	<b>2020</b>	<b>2019</b>
Customer receivable	<b>\$ 3,022,162</b>	<b>\$ 3,411,719</b>
Government of Canada - Fisheries and Oceans	-	1,316,770
Federal excise tax and NT petroleum tax refund	-	49,655
Government of Northwest Territories		
Department of Environmental and Natural Resources	<b>5,443</b>	-
Health Authority	<b>1,917</b>	-
Department of Infrastructure - Fuel Services Division	<b>850,000</b>	1,161,633
Northwest Territories Housing Corporation	<b>253</b>	23,630
	<b>3,879,775</b>	5,963,407
Less: Allowance for doubtful accounts	<b>1,342,920</b>	250,917
	<b>\$ 2,536,855</b>	<b>\$ 5,712,490</b>

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

**March 31, 2020**

**6. Accounts payable and accrued liabilities**

	2020	2019 (restated)
Trade accounts payable and accrued liabilities	\$ 4,412,481	\$ 2,339,897
Customer deposits	-	417,024
Government of Canada-goods and services tax payable	143,077	2,795,206
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	1,557,695	-
Department of Infrastructure	2,330	-
Aurora College	3,781	-
	<b>\$ 6,119,364</b>	<b>\$ 5,552,127</b>

**7. Employee future benefits**

	2020	2019 (restated)
Accrued benefit liabilities at the beginning of year	\$ 98,535	\$ 49,566
Current service cost	4,465	2,788
Interest cost	2,701	1,763
Benefit paid	(43,606)	(412)
Actuarial gain (loss)	8,192	44,830
Unamortized net actuarial (gain) loss	(47,621)	(44,830)
	<b>\$ 22,666</b>	<b>\$ 53,705</b>

The discount rate used in the 2020 fiscal year to determine the accrued benefit obligation was an average of 2.7% (2019 - 3.2%). The expected payments during the next five fiscal years are as follows:

	Total
2021	\$ 18,970
2022	11,850
2023	8,375
2024	5,389
2025	5,140
2026-2030	20,051
<b>Total</b>	<b>\$ 69,775</b>

**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

**March 31, 2020**

**8. Due to Government of Northwest Territories - Revolving fund**

As per the *Revolving Fund Act* (the "Act") there shall be an authorised fund to meet the capital, operating and maintenance requirements of the Fund with a maximum amount of \$35 million. Due to Government of Northwest Territories - Revolving fund with no specific term of repayment and bears interest at the Bank of Canada prime rate per annum.

Management estimated that the Fund would required up to \$35 million (2019 - \$35 million) in working capital with an estimated financing cost of \$654,468 (2019 - \$283,775).

**9. Due to Government of Northwest Territories - long-term loan**

The Government of Northwest Territories 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. Purchase of tangible capital assets was granted as a long term loan to the Fund. A repayment plan was prepared based on initial loan amount of \$11,300,000. Long-term loan bears interest at the Bank of Canada prime rate per annum. Management estimated that the Fund would incur an estimated annual financing cost of \$178,386 (2019-\$192,175) associated with the loan.

During the year the Fund has not made any payment to the Government of Northwest Territories against the long-term loan.

	2020	2019
Government of Northwest Territories long-term loan, due in December 2027.	\$ 9,616,947	\$ 9,616,947
Estimated principal repayments are as follows:		
2021	\$ 1,373,850	
2022	1,373,850	
2023	1,373,850	
2024	1,373,850	
2025	1,373,850	
Subsequent years	2,747,697	
	<b>\$ 9,616,947</b>	

**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

**March 31, 2020**

**10. Tangible capital assets**

For the year ended March 31,					2020	2019
	Land	Vessels and barges	Machinery and equipment	Capital work in progress	Total	Total
<b>Cost</b>						
Balance, beginning of the year	\$ 1,630,302	\$ 10,701,026	\$ 997,143	\$ 2,054,937	\$ 15,383,408	\$ 13,428,054
Addition during the year	582,541	1,706,086	93,438	19,924,652	22,306,717	4,627,316
Capitalized from capital work in progress				(1,799,524)	(1,799,524)	(2,671,962)
<b>Balance, end of year</b>	<b>2,212,843</b>	<b>12,407,112</b>	<b>1,090,581</b>	<b>20,180,065</b>	<b>35,890,601</b>	<b>15,383,408</b>
<b>Accumulated amortization</b>						
Balance, beginning of year	-	1,035,141	69,319	-	1,104,460	406,000
Annual amortization	-	757,675	72,705	-	830,380	698,460
<b>Balance, end of year</b>	<b>-</b>	<b>1,792,816</b>	<b>142,024</b>	<b>-</b>	<b>1,934,840</b>	<b>1,104,460</b>
<b>Net book value</b>	<b>\$ 2,212,843</b>	<b>\$ 10,614,296</b>	<b>\$ 948,557</b>	<b>\$ 20,180,065</b>	<b>\$ 33,955,761</b>	<b>\$ 14,278,948</b>

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**11. Prepaid expenses and deposits**

	2020	2019
Insurance	\$ 175,471	\$ 164,668
Other	285,450	291,129
	<b>\$ 460,921</b>	<b>\$ 455,797</b>

Prepaid expenses other represents costs incurred in relation to spring and summer 2020 barging season contracts.

**12. Inventory**

	2020	2019
Fuel	\$ 1,962,042	\$ 1,097,331
Parts and supplies	293,309	94,248
	<b>\$ 2,255,351</b>	<b>\$ 1,191,579</b>

**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, 2020 the Government of Northwest Territories made accumulated contribution of \$7,907,334 (2019-\$4,881,404).

**14. Contingent liabilities**

Three lawsuits and claims totaling \$2,779,000 are pending against the Fund as at financial statements release date. The claims are for undelivered goods during the 2018 barging season. The likelihood of any liability under these lawsuits cannot be reasonably determined and as such no liability has been accrued in these financial statements.

The contingent losses, if any, would be recognized as expense in a year when the lawsuits and claims are resolved.

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**15. Contractual rights**

The Fund has a contract with a customer since August 27, 2019 for the use of Nahidik vessel and use the services for the duration of nineteen (19) 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, or \$8,600,000 in total.

The Fund has an agreement with Imperial Oil Limited (IOL) that is extended from January 1, 2020 to 2020 December 31. The Fund is required to deliver on average 12,200,000 litres of fuel to various outlets of IOL in the Northwest Territories at an average delivery price of \$0.325 per litre. Total Fund estimate to earn total revenue of \$3,900,000 from this contract in next fiscal year.

The Fund has a grant contribution agreement for the amount of \$6,507,850 with the Government of Canada for construction of four double hulled barges to be received in the fiscal year ended March 31, 2021.

**16. Contractual obligations**

The Fund has an agreement with Offshore Recruiting Services Inc. (ORSI) starting January 1, 2020 to December 31, 2020. ORSI shall provide the Fund with services related to the recruitment and employment of all skilled, qualified and where required licensed personnel necessary for the marine transportation services which the Fund will be conducting during the 2020 shipping season. The contract amount entirely depends on the staffing requirements by the Fund for the season.

The Fund has an agreement with one supplier for construction of four double-hull barges for the total cost of \$15,100,524. As of March 31, 2020 the Fund paid \$10,365,269. The remaining amount of \$4,735,255 shall be paid during the next fiscal year.

The Fund has an agreement with one shipping company to ship the four double-hulled barges to the Northwest Territories with the total estimated cost of \$3,291,384 payable in the next fiscal year.

**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

**March 31, 2020**

**17. Prior period adjustment**

Financial statements for the year ended March 31, 2019 were restated for property tax and land lease expenses, grant in kind, due to Government of Northwest Territories - Revolving fund, and for employee future benefits liabilities.

The impact of the restatements on the financial statements for the year ended March 31, 2019 are shown on the table below.

<b>March 31, 2019</b>	<b>Previously reported</b>	<b>Adjustments</b>	<b>Restated</b>
<b>Statement of Operations and Deficit</b>			
Interest on long-term loan	\$ -	(192,175)	\$ (192,175)
Grant contribution non cash	\$ 283,775	(283,775)	\$ -
Grant contribution	\$ 510,513	4,736,457	\$ 5,246,970
Property taxes	\$ -	(821,794)	\$ (821,794)
Fuel sales	\$ 21,312,978	(9,197,549)	\$ 12,115,429
Fuel costs	\$ 21,116,116	(9,362,381)	\$ 11,753,735
Office and administration	\$ 262,400	164,832	\$ 427,232
Wages and benefits	\$ 2,333,512	(44,830)	\$ 2,288,682
Annual surplus (deficit)	\$ (4,104,440)	4,104,440	\$ -
Deficit	\$ (3,483,542)	3,483,542	\$ -
<b>Statement of financial position</b>			
Accounts payable and accrued liabilities	\$ (4,730,333)	(821,794)	\$ (5,552,127)
Employee future benefits	\$ (98,535)	44,830	\$ (53,705)
Net financial debt	\$ (19,404,867)	3,475,543	\$ (15,929,324)
Accumulated Surplus (Deficit)	\$ (3,483,543)	3,483,543	\$ -
Accumulated Surplus (Deficit), beginning of 2019 fiscal year	\$ (620,897)	620,897	\$ -

**18. Cost of sales**

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual (restated)</b>
Cargo delivery costs	\$ 6,287,000	\$ 5,807,440	\$ 3,097,342
Fuel delivery costs	10,076,000	14,620,778	12,670,903
Fuel costs	-	7,760,165	11,753,735
Shipyard services costs	169,000	2,302,541	1,485,883
Charter services costs	1,550,000	1,031,272	1,236,386
Rental and other direct costs	-	131,409	110,138
	<b>\$ 18,082,000</b>	<b>\$ 31,653,605</b>	<b>\$ 30,354,387</b>



**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

**March 31, 2020**

**19. Grant contribution cash**

	2020	2019
Government of Canada		
Transport Canada - Ocean Protection Fund -75% of double hulled barges funding	\$ 4,630,250	\$ -
Low Carbon Economy Leadership Fund - capital expenditure for the refit of Jock McNiven Vessels	1,719,031	325,973
Government of Northwest Territories - Department of Infrastructure		
Operating losses incurred during 2018 and 2019 fiscal years	-	4,736,457
Operating losses incurred during 2020 fiscal years	2,870,320	-
Land acquisition	960,780	-
Capital expenditure for the refit of Jock McNiven Vessels	-	184,540
	<b>\$ 10,180,381</b>	<b>\$ 5,246,970</b>

**20. Related party transactions**

Accounts receivable from related parties are disclosed in note 5.  
Accounts payable and accrued liabilities to related parties are disclosed in note 6.  
Finance charges are disclosed in note

During the year the Fund incurred the following transactions with the related parties:

	2020	2019
Revenue		
Government of Northwest Territories		
Department of Environmental and Natural Resources	\$ 129,944	\$ 85,209
Department of Infrastructure	24,803	8,963
Department of Infrastructure - Fuel Services Division	8,633,805	7,033,851
Beaufort Delta Education Council	-	10,092
Northwest Territories Health and Social Services Authorities	3,277	-
Northwest Territories Housing Corporation	1,113	46,971
Northwest Territories Power Corporation	201,781	108,949
	<b>\$ 8,994,723</b>	<b>\$ 7,294,035</b>
Cost of sales		
Government of the Northwest Territories - Department of Infrastructure - Fuel Services Division	\$ 1,590,557	\$ 1,522,280
Expenses - Government of the Northwest Territories - Department of Infrastructure- Finance charges	\$ 11,035	\$ 9,854

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**21. 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 \$2,536,855 (2019 - \$5,712,490). At March 31, 2020, the Fund's management has determined that \$1,342,920 accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

**Concentration of credit risk**

Concentration of credit risk is the risk that a customer(s) has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2020, receivables from one customers comprised 96% of the total outstanding accounts receivables (2019 - from three customers - 82%). The risk considered low since the receivable is from a customer who considered creditworthy by the Fund management. The Fund reduces this risk by monitoring overdue balances.

Cash is held with one federally regulated chartered bank and is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Fund's cash is insured up to the limit. The Fund holds cash in excess of the insurable limit. The credit risk has not changed from the prior year.

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.

At March 31, 2020, the following accounts receivable were past due:

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**21. Risk management (continued)**

	30 days	60 days	90 days	Total
Accounts receivable	\$ 82,019	\$ 17,378	\$ 2,289,594	2,388,991
Tax refund	-	74,879	-	74,879
Allowance for doubtful accounts	-	-	(1,342,919)	(1,342,919)
	\$ 82,019	\$ 92,257	\$ 946,675	1,120,951

**(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 and maintaining an adequate amount of cash 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 \$45,382,771 (2019 - \$43,992,196). Financial liabilities consist of 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 debt. All financial liabilities with the exception of the amounts due to the Government of Northwest Territories- long-term loan 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, and due to Government of Northwest Territories - long-term loan, which are 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 however there has been a change in the policies, procedures, and methods to manage the risk as in the prior year the Fund used derivatives to hedge other price risk and in the current year the Fund did not use derivatives.

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**Marine Transportation Services**  
**(Marine Transportation Services Revolving Fund)**

**Notes to the Financial Statements**

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**March 31, 2020**

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**22. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.



*66th Annual Report*  
**2019-2020**





June 11th, 2020

Honourable Caroline Wawzonek  
Minister Responsible for the NWT Liquor Licensing Board

Dear Honourable Minister Wawzonek:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Licensing Board's 2019 - 2020 Annual Report.

Sincerely,

A handwritten signature in blue ink that reads "Sandra Aitken". The signature is written in a cursive, flowing style.

Sandra Aitken  
Chairperson



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## Chairperson's Message

The Liquor Licensing Board completed its review of its policies and procedures, and the updated documents were loaded onto the LLB Database. The licence application forms and special occasion permit forms were simplified and streamlined, and were uploaded to the website in January 2020. This past year the Board worked with the Department of Finance to improve the website to generally make it more “user friendly” and to make it easier for applicants to determine which of the three liquor entities (Liquor Board, Liquor Enforcement or Liquor Commission) they need to contact. That work was completed in late 2019, and we trust that the website is now easier for applicants and licensees to navigate.

The Board continued to review the *Liquor Act* and *Liquor Regulations*, and made additional recommendations to the Department of Finance for changes that should make the licence application process easier, quicker, and less expensive for applicants. The Board suggested that the Department of Finance consider liquor services available in other jurisdictions to determine if they would be suitable for the Northwest Territories.

The Department of Finance was considering these recommendations when the landscape changed in March 2020 due to COVID-19. We all recognize how difficult these past few months have been for businesses generally, and certainly for our licence holders. Many of our clients reached out to the Board and to the Department of Finance to see if changes could be made to authorize liquor services that would allow businesses to continue to operate within the restrictions placed upon them by the directions of the Chief Public Health Officer. The Board worked with the Department of Finance and reviewed suggested changes to the *Liquor Regulations*. The Department facilitated changes to the provisions for off premises licences and home delivery for Class A and Class B establishments, to allow greater flexibility to licence holders and their customers. As this situation develops it may be necessary for the Board and the Department of Finance to be open to consider further administrative and legislative adjustments to enable licensees to weather the disruptions caused by the pandemic. Licence holders should continue to approach the Board and/or the Department of Finance if they have ideas for reforms that would help their businesses to continue operations until such time as the COVID-19 restrictions can be lifted.

The final few months of the 2019-20 reporting period, and the first months of the next were very difficult for our licence holders. We appreciate their forbearance, their understanding and their perseverance. They have come up with reasonable and innovative ideas, and have been very gracious with the Board and its staff. We truly hope to see them come through this very difficult time; they deserve good fortune.

Sincerely,



Sandra Aitken  
Chairperson



## 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

**Sandra Aitken** - Chairperson (*Yellowknife*)

**Adelle Guigon** - Vice-Chairperson (*Yellowknife*)

**Wayne Smith** - Board Member (*Inuvik*)

**Heather Bourassa** - Board Member (*Fort Good Hope*)

**Linda Martin** - Board Member (*Fort Smith*)

**June Tobin** - Board Member (*Hay River*)

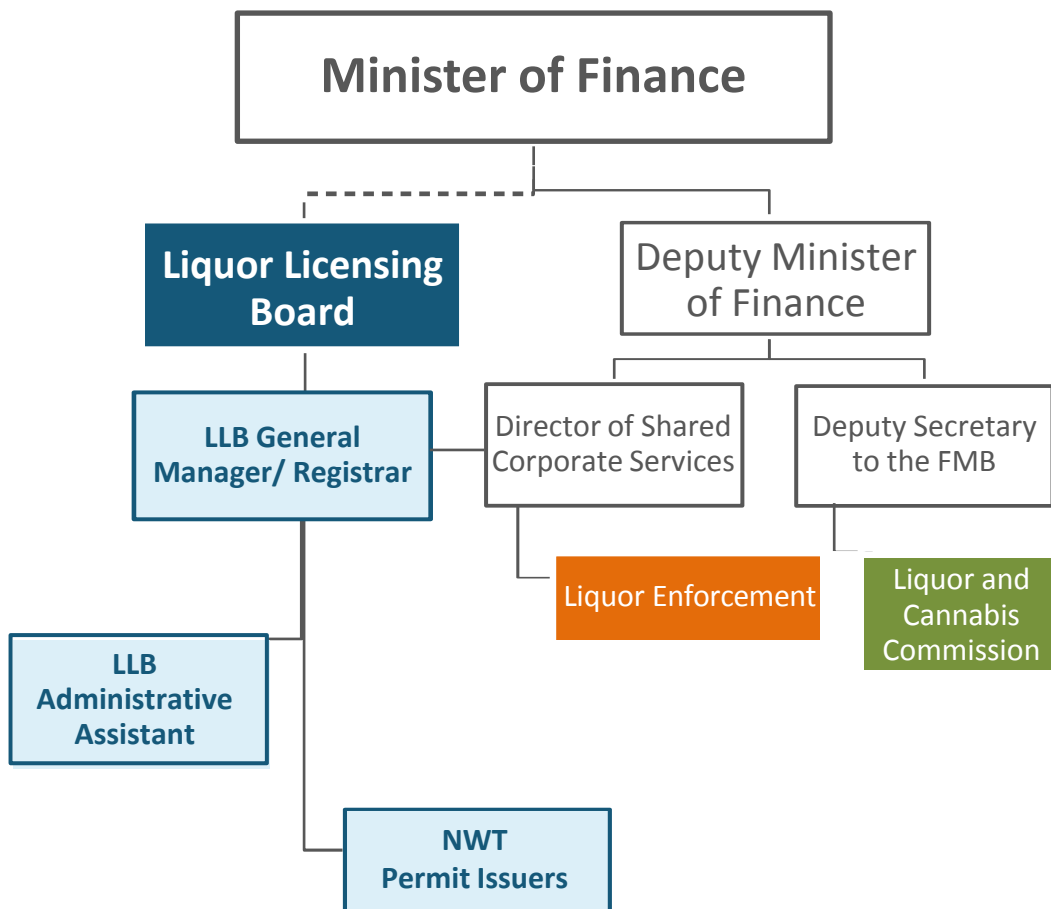
**Jaimie Graham** – General Manager/Registrar (*Hay River*)

**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 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 Commission and Enforcement, often interacts with the others on matters of mutual interest.



## Board Activity

In addition to communications in providing quarterly newsletters and maintaining an up-to-date online database, the Board also participated in meetings during this reporting period.

### Total Meetings

Board Meeting Type	2019-2020	2018-2019
Orientation	1	0
Administrative	2	2
Teleconferences	3	12
Public Hearings	1	1
Compliance Hearings	0	1
<b>Total</b>	<b>7</b>	<b>16</b>

### Administration and Orientation Meetings

There were two administrative meetings conducted on May 14-15, 2019 in Hay River and November 6-7, 2019, in Yellowknife. The focus was website redesign to make Board information easier to find and to assist in creating a more user-friendly online experience. The Board also updated licence application forms and the application for a Special Occasion Permit, including the updating and creation of other Board documents, which are online and pdf fillable to assist applicants submit applications to the Board. 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. There was a new Board Member in Hay River appointed to the Board, reflecting one orientation meeting held during this time period.

### Licence Applications and Public Hearings

The Board must consider each application for a liquor licence and other specific requests. Most often these are conducted by teleconference, but there are times the Board must meet in person and/or conduct a public hearing of an application. During this reporting period, the Board conducted 3 teleconferences, which included consideration of licence applications and other requests. In addition, there was one Public Hearing conducted in Hay River on December 18, 2019.

## 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, as applying that requirement could impact the rights of parties to fair and unbiased decision-making. 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 always balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is that matters should be heard in a timely manner. A person accused of a statutory or regulatory infraction has the right to have the matter heard without undue delay. This can, on occasion, result in the need to ensure procedural fairness overrides financial considerations.

Should the Board find a Licence Holder is noncompliant, a monetary penalty may be ordered. A licence may also be suspended for up to one year, or cancelled.

During this reporting period, there were no compliance hearings conducted.

## Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in licensed premises and special events. The Board also regulates liquor manufacturers. A person, company or organization that holds a Liquor Licence is known as a Licence Holder. There are six types of Liquor Licences:

**Class A (liquor primary)** - allows a Licence Holder to sell 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 four circumstances:

- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, 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.

**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

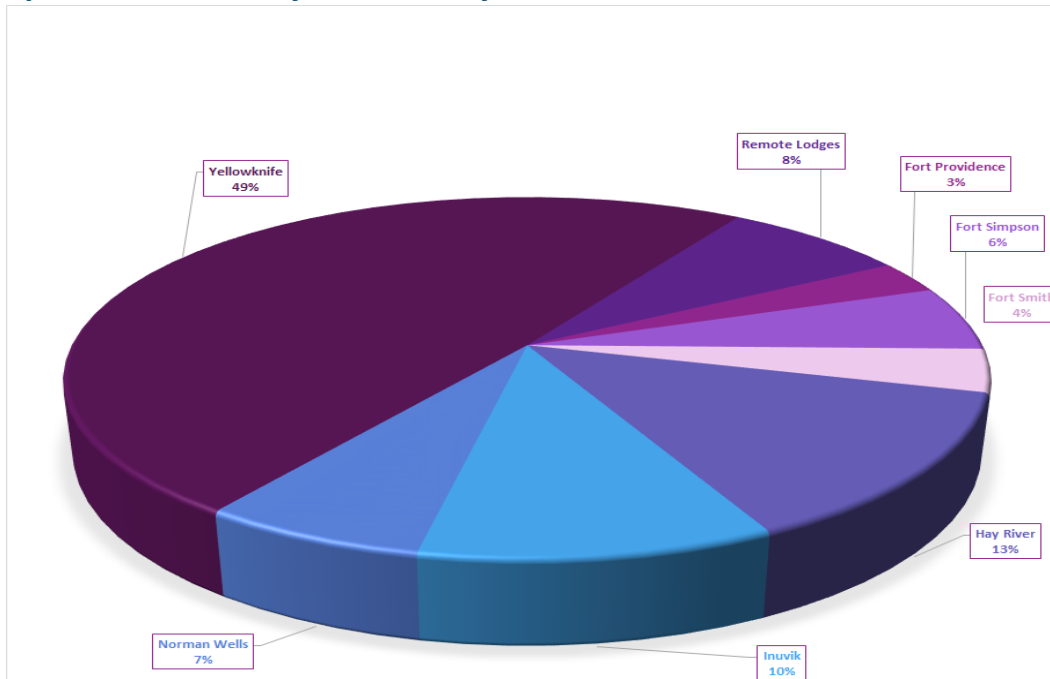
NWT Liquor and Cannabis Commission or to a liquor commission or other similar authority outside the Northwest Territories.

**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.

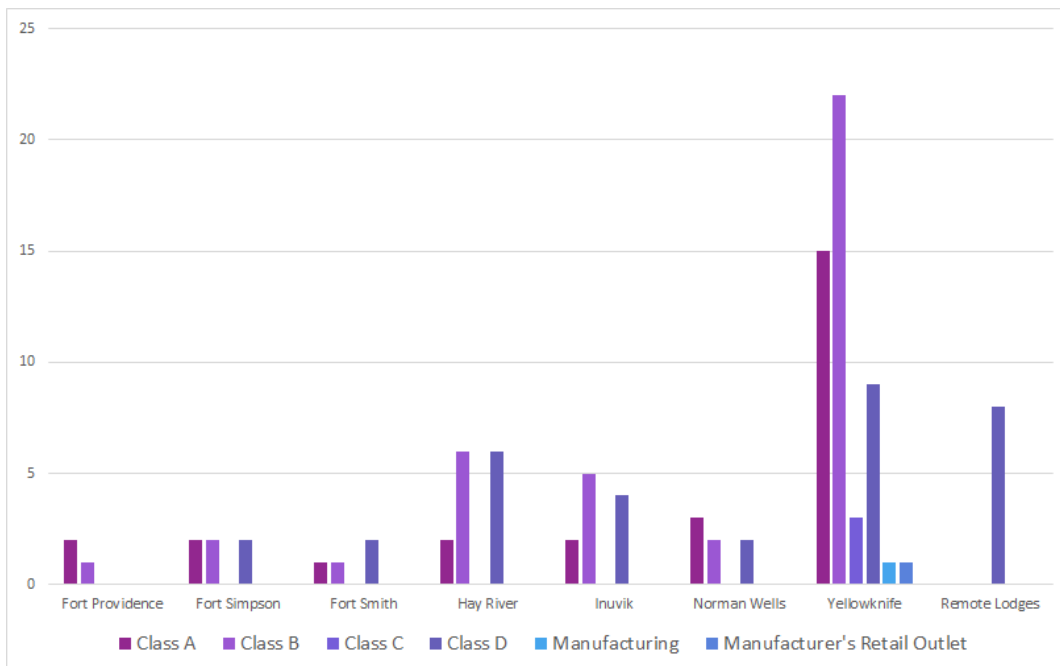
### Total Liquor Licences

Community	Class A	Class B	Class C	Class D	MFG.	Retail Outlet	2019-20	2018-19
Fort Providence	2	1	0	0	0	0	3	3
Fort Simpson	2	2	0	2	0	0	6	6
Fort Smith	1	1	0	2	0	0	4	4
Hay River	2	6	0	6	0	0	14	15
Inuvik	2	5	0	4	0	0	11	11
Norman Wells	3	2	0	2	0	0	7	7
Remote Lodges	-	-	-	8	-	-	8	8
Yellowknife	15	22	3	9	1	1	51	52
<b>Total</b>	<b>27</b>	<b>39</b>	<b>3</b>	<b>33</b>	<b>1</b>	<b>1</b>	<b>104</b>	<b>106</b>

## Total Liquor Licences % by Community



## Total Liquor Licences Class/Community



## 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 \$4.00 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.

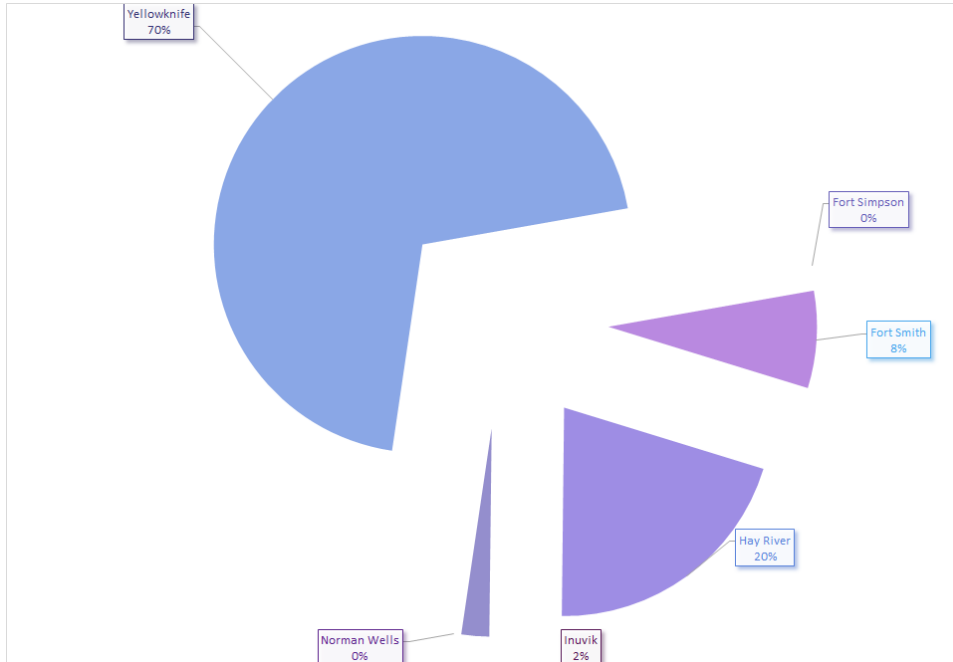
After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which the proceeds will be put.



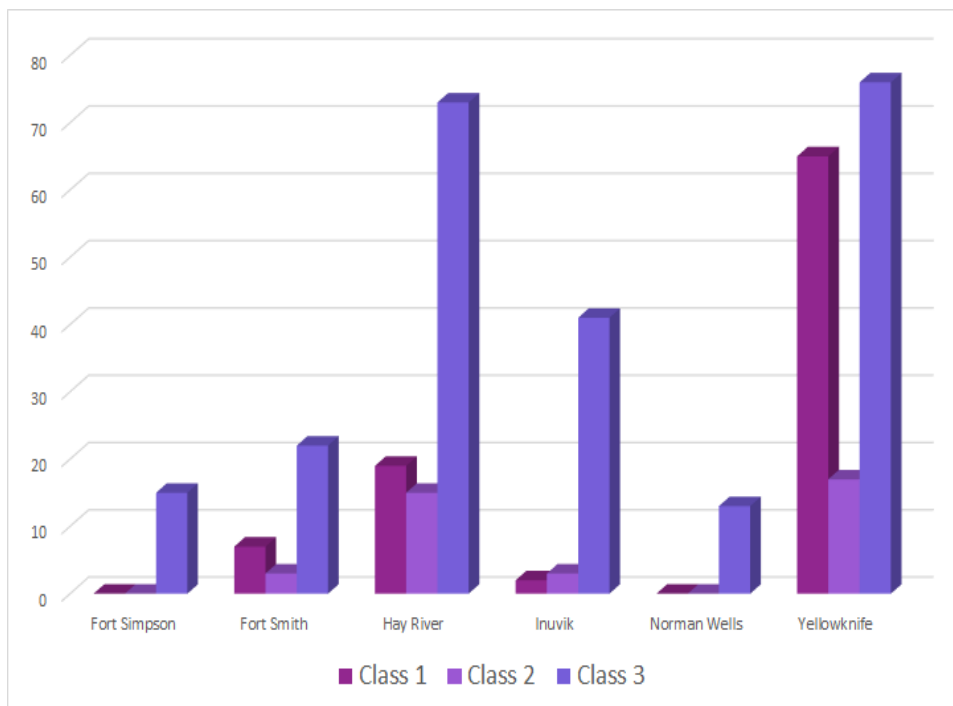
## Total Special Occasion Permits

Community	Class 1	Class 2	Class 3	2019-20	2018-19
Enterprise	0	0	1	1	2
Fort Providence	0	0	3	3	4
Fort Resolution	1	0	0	1	1
Fort Simpson	0	0	15	15	19
Fort Smith	7	3	22	32	35
Hay River	19	15	73	107	81
Inuvik	2	3	41	46	42
Norman Wells	0	0	13	13	7
Yellowknife	65	17	76	158	183
<b>Total</b>	<b>94</b>	<b>38</b>	<b>244</b>	<b>376</b>	<b>374</b>

## Special Occasion Permits % by Community



## Special Occasion Permits Class/Community



## Special Purpose Permits

A Special Purpose Permit authorizes a Permit Holder to possess and use liquor for a medicinal, scientific or other special purpose. All applications for Special Purpose Permits require the approval of the Liquor Licensing Board.

The Liquor Licensing Board may issue a Special Purpose Permit to:

- a medical practitioner, dentist, nurse practitioner, registered midwife or veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a facility that provides health services pursuant to the *Hospital Insurance and Health and Social Services Administration Act*, or a person in charge of a nursing home.

**There are presently three Special Purpose Permits in effect.**

## 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](mailto:LLBinfo@gov.nt.ca)

Website: [www.fin.gov.nt.ca/services/liquor/liquor-licensing-board](http://www.fin.gov.nt.ca/services/liquor/liquor-licensing-board)



Government of Northwest Territories  
Gouvernement des Territoires du Nord-Ouest

# **NORTHWEST TERRITORIES LIQUOR ENFORCEMENT ANNUAL REPORT 2019/2020**

**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	
	2018-2019	2019-2020
Fort Providence	4	0
Fort Simpson	38	1
Fort Smith	108	87
Hay River	118	91
Inuvik	39	39
Norman Wells	0	4
Yellowknife	379	430
<b>TOTAL</b>	<b>686</b>	<b>622</b>

Fluctuations in the number of inspections performed are affected by the availability of the inspectors and vacancies in inspector positions.

## SERVER TRAINING

Enforcement offers and conducts server training courses free of charge to licence holders, their staff, the general public and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can also order licence holders and their staff to take the course as a condition of their license. The server training course educates the license and permit holders on their responsibilities under the *Liquor Act and Regulations* and on-Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control, providing a safe environment and liability issues.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*. Licence holders also have access to a toll-free number for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act and Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

## SERVER TRAINING COURSE PARTICIPANTS

Community	2018-2019	2019 - 2020
Fort Providence	14	0
Fort Simpson	0	0
Fort Smith	24	0
Hay River	52	23
Inuvik	0	0
Norman Wells	0	0
Yellowknife	315	80
<b>Total</b>	<b>405</b>	<b>103</b>

## COMMUNITY 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 Smith*	Sachs Harbour
Behchokö	Hay River*	Tsiigetichic
Colville Lake	Inuvik*	Wrigley
Enterprise	Jean Marie River	Yellowknife*
Fort Providence	Kakisa	
Fort Resolution	Norman Wells*	

\*These communities have licensed premises and/or a liquor store/liquor warehouse.

#### 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.

### **Fort Simpson**

The restriction applies to the liquor store, no vendor shall, during a day, sell or attempt to sell any quantity of liquor to one person that exceeds

- a) 1140 *ml* of spirits and 12 355 *ml* containers of beer;
- b) 1140 *ml* of spirits and 2 *L* of wine;
- c) 2 *L* of wine and 12 355 *ml* containers of beer;
- d) 24 355 *ml* containers of beer and 1*L* of wine.

### **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**

Gamèti  
Lutselk'e

Nahanni Butte  
Wekweètì

Whati  
K'at'l'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, 2020**

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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**March 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered 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 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, 2020

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## INDEPENDENT AUDITOR'S REPORT

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To the Ministers of Northwest Territories Liquor Licensing Board and Liquor Enforcement

*Report on the Financial Statements*

*Qualified Opinion*

We have audited the financial statements of Northwest Territories Liquor Licensing Board and Liquor Enforcement (the Board), which comprise the statement of financial position as at March 31, 2020, 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, 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 Board as at March 31, 2020, 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*

The Government of the Northwest Territories is responsible for the calculation and distribution of the Board's salaries, wages and employee benefits expense for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Board's records. As a result, we were not able to determine whether any adjustments might be necessary to expenses, liabilities or accumulated surplus.

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 Board 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 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.

(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 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 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 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.



Hay River, Northwest Territories  
June 30, 2020

Chartered Professional Accountants

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Statement of Financial Position

As at March 31, (\$000)	2020	2019
<b>Financial Assets</b>		
Accounts Receivable	\$ 5	\$ 5
Due from NWT Liquor Commission (note 3)	61	104
Pension and other employee benefits (note 4)	34	20
	100	129
<b>Financial Liabilities</b>		
Accounts payable (Note 6)	70	111
Deferred revenue	30	26
	100	137
<b>Net debt</b>	-	(8)
<b>Non-financial Assets</b>		
Prepaid Expenses	-	8
<b>Accumulated surplus</b>	\$ -	\$ -

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

Approved by the Northwest Territories Liquor Licensing Board:



Sandra Aitken  
Chairperson, Liquor Licensing Board

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND  
LIQUOR ENFORCEMENT**

**Statement of Operations**

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
License fees and permits	\$ 63	\$ 53	\$ 64
Government contribution – services provided without charge (note 6)	-	5	8
	<u>63</u>	<u>58</u>	<u>72</u>
<b>Expenses (notes 5)</b>			
Salaries, wages and employee benefits	501	401	409
Honoraria	50	23	38
Inspector's fees	68	34	44
Rent	29	30	32
Travel	75	36	58
Professional fees	29	16	19
Administration	44	35	24
	<u>796</u>	<u>575</u>	<u>624</u>
<b>Annual loss</b>	<b>\$ (733)</b>	<b>\$ (517)</b>	<b>\$ (552)</b>

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

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND  
LIQUOR ENFORCEMENT**

**Statement of Accumulated Surplus**

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Accumulated surplus, beginning of year</b>	\$ -	\$ -	\$ -
Annual loss	(733)	(517)	(552)
Amounts transferred from the NWT Liquor & Cannabis Commission	733	517	552
<b>Increase (decrease) in accumulated surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

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

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND  
LIQUOR ENFORCEMENT**

**Statement of Change in Net Debt**

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Net debt, beginning of the year</b>	\$ (8)	\$ (8)	(14)
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	8	8	6
<b>Net debt, end of year</b>	\$ -	\$ -	(8)

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

## NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

### Statement of Cash Flow

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2019</b>
<b>Operating transactions</b>		
Cash received from customers	\$ 57	\$ 66
Cash paid to employees and suppliers	(617)	(712)
<b>Cash provided by operating transactions</b>	<b>(560)</b>	<b>(646)</b>
<b>Financing transactions</b>		
Cash transferred from the NWT Liquor & Cannabis Commission	560	646
<b>Change in cash</b>	<b>-</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

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

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2020 (\$000)

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### 1. Authority and operations

The Northwest Territories Liquor Licensing Board (the "Board") was established under the *Liquor Act* (the "Act") for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The Minister appoints a member of the Public Service to be the Executive Secretary to the Board. Liquor Enforcement is separate from the Liquor Licensing Board and is managed by different staff. The Liquor & 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, 2020, the Fund's assets exceeded the liabilities by \$4,972 (2019 – \$4,840).

Neither the Commission nor the Board is separate legal entities apart from the Department of Finance of the NWT and neither is subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

# **NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT**

## **Notes to Financial Statements**

**March 31, 2020 (\$000)**

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### **2. Significant accounting policies**

#### **(a) Basis of accounting**

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

#### **(b) Measurement uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

#### **(c) Revenue recognition**

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

#### **(d) Services provided without charge**

Liquor Enforcement records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses 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.



# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2020 (\$000)

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### 2. Significant accounting policies; continued,

#### (g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The costs of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

### 3. Due from NWT Liquor Commission

As explained in note 1, the Commission provides financial administrative support to the Board. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

### 4. Pension and other employee benefits

#### a) Pension benefits

The employees of the Board participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2019 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2019 - 1.0) the employees' contributions for all other employees. The Employers contributions and the Board & Enforcement's employees' contribution for the year were as follows:

	2020	2019
Employer's contributions (recognized as expense) \$	36	\$ 39
Employee's contribution	34	38

The plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2020 (\$000)

### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits

	2020			2019		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 5	\$ 3	\$ 8	\$ 4	\$ 3	\$ 7
Current Service Costs	-	-	-	-	-	-
Interest Costs	-	-	-	-	-	-
Benefits paid	(12)	(7)	(19)	-	(2)	(2)
Actuarial (gain)/loss	13	7	20	1	2	3
Accrued benefit obligation, end of the year	\$ 6	\$ 3	\$ 9	\$ 5	\$ 3	\$ 8
Unamortized net actuarial gain (loss)	(15)	(28)	(43)	(2)	(26)	(28)
Accrued Benefit (liability)/asset	\$ (9)	\$ (25)	\$ (34)	\$ 3	\$ (23)	\$ (20)

The Board provides severance benefits to its employees based on years of service and final salary. The Board also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Board provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one-half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave). Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2020 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

March 31, 2020 (\$000)

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### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits (continued)

The actuarial valuation at March 31, 2020 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2020</u>	<u>2019</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	2.7%	3.2%
Expected average remaining service life of related employee groups (EARSLS)	8.3	8.3
Expected age at termination	58.7	59.2

Timing of expected payments for other employee benefits are as follows:

2021	0
2022	0
2023	0
2024	0
2026	0
2027 and beyond	4
	<u>\$ 4</u>

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

**March 31, 2020 (\$000)**

### 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		
	2020 Budget	2020 Actual	2019 Actual
<b>Expenses (notes 6 and 7)</b>			
Salaries, wages and employee benefits	\$ 307	\$ 203	\$ 202
Inspector's Fees	54	29	20
Rent	17	17	18
Travel	18	11	28
Professional Fees	5	5	8
Administration	14	19	18
	415	284	294
<b>Annual loss</b>	\$ (415)	\$ (284)	\$ (294)

### 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 \$401 (2019 - \$409) related to salaries, wages, and employee benefits for the Board's employees and \$23 (2019 - \$38) 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 \$5 (2019 - \$8). 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 \$162 (2019 - \$36) for salaries, wages, board honoraria, employee benefits including Worker's Compensation and Medical Travel, payable to the Government of the NWT.

# NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

## Notes to Financial Statements

**March 31, 2020 (\$000)**

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### 7. Contractual obligations

The Board has a five-year lease agreement ending April 30, 2021 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

2020/21	\$ 29
2021/22	\$ 2
2022/23	\$ NIL
2023/24	\$ NIL
2024/25	\$ NIL

Annual lease payments for the office premises include estimated operating costs and property taxes.

### 8. Financial instruments

The Board's financial instruments consist of 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.

**NORTHWEST TERRITORIES LIQUOR & CANNABIS  
COMMISSION**

**Financial Statements**

**Year ended March 31, 2020**

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

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**March 31, 2020**

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## 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 examines transactions that have come to their notice to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.



Peter Maher  
Director, Liquor & Cannabis Operations  
NWT Liquor & Cannabis Commission  
June 30, 2020



# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Statement of Financial Position

<b>As at March 31, (\$000)</b>	<b>2020</b>	<b>2019</b>
<b>Financial Assets</b>		
Cash	\$ 6,355	\$ 5,460
Accounts receivable	97	21
Inventories for resale (note 3)	3,072	3,509
	<u>9,524</u>	<u>8,990</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	4,437	3,976
Pension and other employee benefits (note 4)	54	70
Due to the NWT Liquor Licensing Board (note 5)	61	104
	<u>4,552</u>	<u>4,150</u>
<b>Net Financial Resources</b>	<u>4,972</u>	<u>4,840</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	626	742
Prepaid expenses	24	40
	<u>650</u>	<u>782</u>
<b>Accumulated Surplus</b>	<u>\$ 5,622</u>	<u>\$ 5,622</u>

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

Approved by the Northwest Territories Liquor & Cannabis Commission:



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Peter Maher  
Director of Liquor & Cannabis Operations

## NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

### Statement of Operations

For the year ended March 31, (\$000)	2020 Budget	2020 Actual	2019 Actual
<b>Sales</b>			
Beer	\$ 19,576	\$ 18,439	\$ 20,148
Spirits	21,381	22,180	21,708
Wine	8,119	8,304	8,276
Coolers and Ciders	3,098	3,059	2,690
Cannabis	2,337	3,252	1,364
	54,511	55,234	54,186
<b>Cost of goods sold</b>			
Beer	8,162	7,616	8,244
Spirits	6,193	6,506	6,259
Wine	3,619	3,728	3,650
Coolers and ciders	1,211	1,348	1,187
Cannabis	1,609	2,052	812
	20,794	21,250	20,152
<b>Gross profit on sales</b>	33,717	33,984	34,034
<b>Other income</b>			
Government contribution - services provided without charge (note 7)	-	19	-
Import fees and Income	8	9	7
	8	28	7
<b>Expenses (note 7)</b>			
Commissions to agents - Liquor	6,474	6,119	6,609
Commissions to agents - Cannabis	483	494	243
Salaries, wages and employee benefits	1,009	1,014	997
Administration - Liquor	494	655	564
Administration - Cannabis	200	200	100
Travel	30	39	27
Rent	242	238	247
Amortization of tangible capital assets (note 6)	208	196	171
	9,140	8,955	8,958
<b>Annual surplus</b>	\$ 24,585	\$ 25,057	\$ 25,083

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

## NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	Budget	Actual	Actual
<b>Accumulated surplus, beginning of the year</b>	\$ 5,622	\$ 5,622	5,622
Annual surplus	24,585	25,057	25,083
Amounts transferred to the Consolidated Revenue Fund	(23,854)	(24,540)	(24,531)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(731)	(517)	(552)
Increase in accumulated surplus	-	-	-
<b>Accumulated surplus, end of year</b>	\$ 5,622	\$ 5,622	5,622

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

## NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Net financial resources, beginning of year</b>	\$ 4,840	\$ 4,840	\$ 4,996
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Net investment in tangible capital assets:			
Acquisitions	-	(80)	(344)
Amortization expense	208	196	171
Increase in prepaid expenses	-	16	17
<b>Net financial resources, end of year</b>	<b>\$ 5,048</b>	<b>4,972</b>	<b>\$ 4,840</b>

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

## NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

### Statement of Cash Flow

<b>For the year ended March 31, (\$000)</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Cash received from customers	\$ 55,167	\$ 54,261
Cash paid to employees and suppliers	(29,226)	(27,446)
Cash provided by operating activities	25,941	26,815
<b>Capital activities</b>		
Purchase of tangible capital assets	(80)	(344)
<b>Financing activities</b>		
Cash transferred to the Consolidated Revenue Fund	(24,406)	(24,531)
Cash transferred to the NWT Licensing Board	(560)	(646)
Cash provided by financing activities	(24,966)	(25,177)
<b>Increase in cash</b>	<b>895</b>	<b>1,294</b>
<b>Cash, beginning of year</b>	<b>5,460</b>	<b>4,166</b>
<b>Cash, end of Year</b>	<b>\$ 6,355</b>	<b>\$ 5,460</b>

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

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

March 31, 2020 (\$000)

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### 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, 2020 the Fund's assets exceeded the liabilities by \$4,972 (2019 - \$4,840).

Neither the Commission nor the Board are separate legal entities apart from the Department of Finance of the NWT and neither are subject to the requirements of the *Income Tax Act*.

### 2. Significant accounting policies

#### (a) Basis of accounting

The financial statements of the Commission are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

#### (b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and estimation of the useful life of the tangible capital assets.

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

March 31, 2020 (\$000)

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### 2. Significant accounting policies (continued)

#### (c) Revenue recognition

The Commission recognizes revenue on an accrual basis (i.e. when the goods are shipped, and the customer assumes all risks of ownership and the collection of any amounts receivable is considered probable).

#### (d) Services provided without charge

The Commission records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

#### (e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

#### (f) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is determined on a straight-line basis using the following rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	30%
Leasehold improvements	Over the life of the lease plus any additional renewal period

#### (g) Pension benefits

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

#### (h) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

March 31, 2020 (\$000)

### 3. Inventories for resale

	2020	2019
Spirits	\$ 993	\$ 1,135
Beer	826	1,049
Wine	578	663
Coolers and ciders	158	141
Cannabis	518	521
	\$ 3,072	\$ 3,509

### 4. Pension and other employee benefits

#### a) Pension benefits

The employees of the Commission participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2019 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2019 - 1.01) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2020	2019
Commission's contributions (recognized as expense)	\$ 113	\$ 108
Employees' contribution	120	109

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.



# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

March 31, 2020 (\$000)

### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits

	2020			2019		
	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	\$ 102	\$ 15	\$ 117	\$ 92	\$ 14	\$ 106
Current Service Costs	3	1	4	4	1	5
Interest Cost	3	1	4	3	1	4
Benefits paid during the year	-	(30)	(30)	-	(33)	(33)
Actuarial (gain)/loss	(12)	29	17	2	33	35
Accrued benefit obligation, end of the year	\$ 96	\$ 16	\$ 112	\$ 101	\$ 15	\$ 117
Unamortized net actuarial gain (loss)	(6)	(52)	(58)	(22)	(25)	(47)
Accrued benefit (liability)/asset	\$ 90	\$ (36)	\$ 55	\$ 79	\$ (10)	\$ 70

The Commission provides severance benefits to its employees based on years of service and final salary. The Commission also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Commission provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one-half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave) Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2020 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

March 31, 2020 (\$000)

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### 4. Pension and other employee benefits (continued)

#### b) Other employee benefits (continued)

The actuarial valuation at March 31, 2020 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2020</u>	<u>2019</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	2.7%	3.2%
Expected average remaining service life of related employee groups (EARSL)	8.3	8.3
Expected age at termination	59.2	59.2

Timing of expected payments for other employee benefits are as follows:

2021	\$	44
2022		27
2023		14
2024		10
2025		6
2026 and beyond		18
	\$	<u>119</u>

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

March 31, 2020 (\$000)

### 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.

### 6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2020	2019
<b>Cost:</b>					
Opening balance	\$ 125	\$ 1,136	\$ 848	\$ 2,109	\$ 1,771
Acquisitions	1	73	7	80	344
Disposals and write-downs	-	(293)	-	(293)	(6)
Closing balance	126	916	855	1,897	2,109
<b>Accumulated Amortization:</b>					
Opening balance	(109)	(804)	(454)	(1,367)	(1,202)
Amortization	(6)	(157)	(33)	(196)	(171)
Disposals and write-downs	-	293	-	293	6
	(115)	(668)	(487)	(1,270)	(1,367)
Net book value	\$ 10	\$ 248	\$ 368	\$ 626	\$ 742

# NORTHWEST TERRITORIES LIQUOR & CANNABIS COMMISSION

## Notes to Financial Statements

**March 31, 2020 (\$000)**

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### 7. Related party transactions

The Commission is related, in terms of common ownership, to all GNWT created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount.

The Commission incurred \$1,014 (2019 – \$997) 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 \$19 (2019 – \$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 \$157 (2019 – \$169) for bottle deposits payable to the Department of Environment and Natural Resources, \$128 (2019 – \$370) for salaries, wages, and employee benefits payable to the Department of Finance, and \$1,682 (2019 - \$1,826) other various Government Departments.

### 8. Contractual obligations

The Commission has a five-year lease agreement ending April 30, 2021 for its office premises. The Commission also has a ten-year lease agreement ending January 31, 2022 with the option of extending the lease for two further terms of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2020/21	\$ 243
2021/22	\$ 141
2022/23	\$ NIL
2023/24	\$ NIL
2024/25	\$ NIL

Annual lease payments for the office premises include estimated operating costs and property taxes.

### 9. Financial instruments

The Commission’s financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, pension and other employee benefits 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.

**Fuel Services Division**

**Financial Statements**

**March 31, 2020**

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**Fuel Services Division**

**Financial Statements**

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**March 31, 2020**

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## **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 "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  
August 24, 2020

## Independent Auditors' Report

**To the Minister of Infrastructure  
Government of the Northwest Territories Fuel Services Division**

### *Opinion*

We have audited the financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net financial debt, accumulated surplus (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, 2020, 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 and Those Charged with Government 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 (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 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.

Yellowknife, Canada  
August 24, 2020



Chartered Professional Accountants

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**Fuel Services Division**

**Statement of Financial Position**

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<b>March 31,</b>	<b>2020</b>	<b>2019</b>
<b>Financial Assets</b>		
Accounts receivable (note 5)	\$ 16,666,897	\$ 12,948,359
Inventory for resale (note 6)	30,777,250	27,263,216
	<u>47,444,147</u>	<u>40,211,575</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	6,249,652	7,580,629
Employee future benefits payable (note 8)	215,578	236,604
Due to the Government of the Northwest Territories (note 9)	41,983,527	33,254,131
	<u>48,448,757</u>	<u>41,071,364</u>
<b>Net Debt</b>	<b>\$ (1,004,610)</b>	<b>\$ (859,789)</b>
<b>Non-financial Assets</b>		
Prepaid expenses	4,611	9,789
<b>Accumulated Deficit</b>	<b>\$ (999,999)</b>	<b>\$ (850,000)</b>

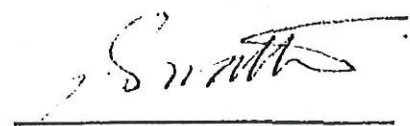
Subsequent events (note 10)

Commitments (note 11)

Approved



Lorne Browne  
Director  
Fuel Services Division



Renalyn Pascua-Matte,  
Comptroller  
Fuel Services Division

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**Fuel Services Division**

**Statement of Changes in Net Financial Debt**

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<b>For the year ended March 31,</b>	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Annual deficit</b>	\$ (200,000)	\$ (149,999)	\$ (1,134,512)
<b>Change in prepaid expenses</b>	-	5,178	(9,789)
<b>Increase in net financial debt</b>	(200,000)	(144,821)	(1,144,301)
<b>Net debt, beginning of year</b>	684,000	(859,789)	284,512
<b>Net debt, end of year</b>	\$ 484,000	\$ (1,004,610)	\$ (859,789)

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## Fuel Services Division

### Statement of Operations

For the year ended March 31,	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>			
Sales of petroleum products (note 12)	\$ 37,500,000	\$ 42,786,266	\$ 40,563,079
<b>Cost of sales</b>			
Cost of goods sold (note 6)	30,850,000	35,233,898	34,692,146
Loss due to evaporation	-	276,565	138,745
Commissions	2,500,000	2,330,052	2,443,699
	33,350,000	37,840,515	37,274,590
<b>Gross margin</b>	4,150,000	4,945,751	3,288,489
<b>Gross margin percentage</b>	11.1 %	11.6 %	8.1 %
<b>Expenses</b>			
Bad debts	-	136,267	15,992
Contracts and purchased services	-	1,074,604	724,706
Operating and maintenance costs	2,350,000	2,706,186	776,761
Miscellaneous	-	90,122	30,292
Salaries, wages and employee benefits	2,000,000	2,243,723	1,918,311
Travel	-	526,623	373,580
Utilities	-	524,038	513,132
	4,350,000	7,301,563	4,352,774
<b>Annual deficit before Other items</b>	(200,000)	(2,355,812)	(1,064,285)
<b>Other revenue (expenses)</b>			
Grant contribution (note 13)	-	2,313,516	-
Grant-in-kind, Government assets provided at no cost (note 14)	-	2,540,034	2,772,168
Tangible capital assets - rent expenses (note 14)	-	(1,672,661)	(2,038,512)
Financing charges (note 14)	-	(867,373)	(733,656)
Other revenues and expenses (note 15)	-	(107,703)	(70,227)
	-	2,205,813	(70,227)
<b>Annual deficit</b>	\$ (200,000)	\$ (149,999)	\$ (1,134,512)



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**Fuel Services Division****Statement of Accumulated Surplus (Deficit)**

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<b>For the year ended March 31,</b>	<b>2020</b>	<b>2019</b>
<b>Accumulated surplus (deficit), beginning of year</b>	<b>\$ (850,000)</b>	<b>\$ 284,512</b>
<b><i>Annual deficit</i></b>	<b>(149,999)</b>	<b>(1,134,512)</b>
<b>Accumulated deficit, end of year</b>	<b>\$ (999,999)</b>	<b>\$ (850,000)</b>

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**Fuel Services Division****Statement of Cash Flows**

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<b>For the year ended March 31,</b>	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Annual deficit	\$ (149,999)	\$ (1,134,512)
Change in non-cash working capital items		
Accounts receivable	(3,718,538)	(3,912,358)
Inventory for resale	(3,514,034)	(321,177)
Accounts payable and accrued liabilities	(1,330,977)	2,620,331
Employee future benefits payable	(21,026)	26,011
Due to the Government of the Northwest Territories	8,729,396	2,731,494
Prepaid expenses	5,178	(9,789)
<b>Increase in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	\$ -	\$ -

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 1. Authority and Operations

Fuel Services Division revolving fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories *Financial Administration Act*. The Fuel Services Division of the Department of 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 \$1,000,000 at the end of any fiscal year. The balance in the Stabilization Fund at March 31, 2020 is a deficit of \$999,999 (2019 - deficit of \$850,000).

#### 2. COVID-19

During the year there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

At the time of approval of these financial statements, in response to the COVID-19 pandemic the management of the Fund 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 Fund.

The Fund relies on suppliers and vendors located outside of the Northwest Territories for some services, such as fuel transportation services. Due to Northwest Territories border restrictions and self-isolation requirements upon entry, it is expected that there will be additional costs to using vendors and suppliers from outside the Northwest Territories. The economic shutdown has resulted in less demand for fuel in particular Jet A1. This will affect revenue and commission expenses. There is no meaningful way to measure the impact at this time.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Fund and its operations in future periods.



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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 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. The significant accounting policies used are as follows

##### (a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

##### (b) Tangible capital assets

Tangible capital assets are the property of the Government of the Northwest Territories and accordingly are not reported on the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 14.

##### (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 14.

##### (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) Employee future benefits payable

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

##### (f) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.



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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 3. Significant accounting policies (continued)

##### (g) Pension and employee future benefits

The Fund and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$133,420 (2019-\$118,747) to the plan which was recognized as an expense while employees contributed \$103,725 (2019-\$129,371). These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

##### (h) 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.

##### (i) 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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met.

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.

##### (j) 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.

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 3. Significant accounting policies (continued)

##### (k) 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.

##### (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 of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 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 (j).

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
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- 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
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

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.



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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 4. Future changes to significant accounting policies

##### Revenue, Section PS 3400

This Section is effective for fiscal periods beginning on or after April 1, 2022. 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.

##### Asset Retirement Obligations, Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 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. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this accounting standard, if any, has not yet been determined.

#### 5. Accounts receivable

	2020	2019
Non-Government	\$ 4,062,375	\$ 2,429,548
Government of Canada	19,308	14,768
Government of Canada - Goods and services tax	104,059	-
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	752	2,137
Health and Social Services Authorities	12,430	4,011
Marine Transportation Services	1,557,695	-
Northwest Territories Housing Corporation	1,677,168	1,422,794
Northwest Territories Power Corporation	7,332,890	7,354,213
Tlicho Community Services	2,586	998
Departments		
Department of Education, Culture and Employment	241,321	164,829
Department of Environment and Natural Resources	2,181	4,454
Department of Infrastructure	419,813	535,142
Local (Municipalities, Community Governments)	1,374,566	1,019,445
	16,807,144	12,952,339
Less: Allowance for doubtful accounts	140,247	3,980
	\$ 16,666,897	\$ 12,948,359

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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6. Inventories for resale

	2020	2019
Diesel	\$ 23,868,679	\$ 21,860,375
Gasoline	4,371,644	3,418,675
Jet A1	2,488,707	1,917,164
Naphtha	48,220	67,002
	<u>\$ 30,777,250</u>	<u>\$ 27,263,216</u>

Inventory in the amount of \$35,233,898 (2019 - \$34,692,146) was expensed during the year.

An inventory write-down of \$276,565 (2019 - \$138,745) 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 \$389,658 (2019 - \$889,988) was expensed during the year. This represents a reduction in the net realizable value for diesel and gasoline products in Paulatuk and Ulukhaktok. Due to extraordinary weather conditions, fuel for those two communities was transported by air rather than by barge during the year, resulting in significant additional transportation costs which were not passed on to the customers in those communities.

7. Accounts payable and accrued liabilities

	2020	2019
Non-Government	\$ 5,290,756	\$ 6,016,766
Government of Canada	38,361	379,263
Government of the Northwest Territories Boards and Agencies		
Northwest Territories Power Corporation	70,535	30,180
Marine transportation Services	850,000	1,154,420
	<u>\$ 6,249,652</u>	<u>\$ 7,580,629</u>

## Fuel Services Division

### Notes to the Financial Statements

March 31, 2020

#### 8. Employee future benefits payable

Removal benefits, resignation benefits, sick leave accrual and special leave accrual are recorded based on an actuarial valuation. The most recent actuarial valuation was completed as at March 31, 2020. The effective date of the next actuarial valuation is March 31, 2022.

	2020	2019
Removal Benefits	\$ 30,270	\$ 36,473
Resignation Benefits	24,358	63,129
Sick Leave Accrual	18,346	25,891
Special Leave Accrual	1,440	2,251
Annual Leave Accrual	108,507	81,161
Lieu Time Accrual	32,657	27,699
	<b>\$ 215,578</b>	<b>\$ 236,604</b>

The discount rate used in the 2020 fiscal year to determine the accrued benefit obligation was an average of 2.7% (2019 - 3.2%). The expected payments during the next five fiscal years are follow:

	Severance and Removal	Compensated Absences	Total
2021	\$ 17,563	\$ 5,064	\$ 22,627
2022	11,881	4,783	16,664
2023	7,047	2,734	9,781
2024	4,402	1,847	6,249
2025	2,834	989	3,823
2026-2030	7,726	2,890	10,616
	<b>\$ 51,453</b>	<b>\$ 18,307</b>	<b>\$ 69,760</b>

#### 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:

	2020	2019
Balance, beginning of year	\$ 30,940,615	\$ 30,522,638
Plus: Payments made by the Government		
Purchases of petroleum products	39,155,838	37,457,022
Other cash disbursements	6,973,642	1,926,022
Less: Cash paid to the Government of Northwest Territories	(35,086,568)	(36,651,551)
	<b>\$ 41,983,527</b>	<b>\$ 33,254,131</b>



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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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**10. Subsequent events**

Subsequent to year end the Fund entered into new fuel dispensing contract with The Holman Eskimo Co-Operative Limited in Ulukhaktok that expires on May 26, 2023, an extended fuel dispensing contract for one optional year with Great Bear Co-operative Association and with Ikahuk Co-operative Limited in Deline and in Sachs Harbor communities respectively. The estimated commitment increase of \$2,088,309 from signing these contracts is accounted in note 11.

**11. Commitments**

**Fuel resupply contracts**

The Fund has entered into contracts with Bluewave Energy Ltd., Imperial Oil Limited, Bassett Petroleum Distributors, Cryopeak LNG Solutions Corporation, E Grubens Transport Ltd., AFD Petroleum Inc., and Matonabee Petroleum Ltd. for the supply and transportation of bulk petroleum destined for delivery to communities served by road by tanker truck; the carrier for these contracts is Bassett Petroleum Ltd. There are varying contracts with different termination dates; the earliest contract terminates in September 2020 and the latest contract terminates in December 2022.

**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 \$34,871,608 (2019-\$47,859,518) as follows:

2021	\$ 26,602,477
2022	7,118,568
2023	982,850
2024	167,713
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	\$ 34,871,608

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 12. Sales of petroleum products

	2020	2019
Non-Government	\$ 9,927,617	\$ 9,020,332
Government of Canada	49,361	78,794
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	24,410	21,388
Health and Social Services Authorities	54,568	43,872
Northwest Territories Housing Corporation	3,428,102	2,914,568
Northwest Territories Power Corporation	23,235,240	22,199,223
Tlicho Community Services Agency	11,697	9,597
Marine Transportation Services - Revolving Fund	1,590,557	1,522,280
Departments		
Department of Education, Culture and Employment	820,602	811,537
Department of Environment and Natural Resources	18,139	22,750
Department of Infrastructure	319,324	241,769
Local (Municipalities, Community Governments)	3,306,649	3,676,969
	<b>\$ 42,786,266</b>	<b>\$ 40,563,079</b>

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#### 13. Grant contribution

The Fund recognized grant contribution revenue under the Government of Northwest Territories *Revolving Funds Act* Section 8(3), which states that when the deficit balance exceeds \$1,000,000, the excess shall be charged to an appropriation.



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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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14. Grant in kind

**Financing charges**

Management estimated that the Fund required up to \$44 million (2019 - \$40 million) in working capital with an estimated annual financing cost of \$867,373 (2019 - \$733,656).

**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	2020	2019
Fuel storage facilities	\$ 60,602,141	\$ 29,439,252	\$ 31,162,888	\$ 32,610,968
Fuel delivery vehicles	4,969,353	3,254,878	1,714,476	1,433,420
Construction in process	215,743	-	215,743	171,968
Buildings	870,138	129,017	741,121	762,378
Assets under capital lease	1,374,941	1,374,941	-	310,470
	<b>\$ 68,032,316</b>	<b>\$ 34,198,088</b>	<b>\$ 33,834,228</b>	<b>\$ 35,289,204</b>

Rent expense for 2020 is \$1,672,661 (2019 - \$2,038,512).

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 15. 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:

	2020	2019
Other revenues		
Department of Infrastructure - Government transfer	\$ -	\$ 1,510,706
Northwest Territories Power Corporation - Tank maintenance	-	280,000
Recovery of prior year expenses	104,495	39,935
Other recoveries	177,460	119,120
	<u>281,955</u>	<u>1,949,761</u>
Other expenses		
Marine Transportation Services - Demurrage	-	(1,130,000)
Write-down of inventory to net realizable value (note 5)	(389,658)	(889,988)
	<u>(389,658)</u>	<u>(2,019,988)</u>
	<u>\$ (107,703)</u>	<u>\$ (70,227)</u>

#### 16. Related party transactions

Amounts receivable from related parties are disclosed in note 5.  
Amounts payable to related parties are disclosed in note 7.  
Sales of petroleum products to related parties are disclosed in note 12.

Significant expenses incurred from related parties are as follows:

	2020	2019
Government of the Northwest Territories		
Department of Infrastructure - Cost of goods sold	\$ 8,633,805	\$ 5,672,460
Department of Infrastructure - Contracts and purchased services	537,707	84,492
Northwest Territories Power Corporation - Utilities	337,096	497,374
Marine Transportation Services - Other expenses (Demurrage fees)	-	1,130,000
	<u>\$ 9,508,608</u>	<u>\$ 7,384,326</u>

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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#### 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 \$16,666,897 (2019 - \$12,948,359). At March 31, 2020, the Fund's management has determined that \$140,247 (2019 - \$3,980) of accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

##### Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has 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, 2020, receivables from three customers comprised 80% of the total outstanding accounts receivables (2019 - 69%). The Fund reduces this risk by monitoring overdue balances.

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

At March 31, 2020, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
Accounts receivable	\$ 6,193,037	\$ 1,305,143	\$ 1,973,191	\$ 9,471,371
Allowance for doubtful accounts	-	-	(140,247)	(140,247)
	\$ 6,193,037	\$ 1,305,143	\$ 1,832,944	\$ 9,331,124

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## Fuel Services Division

### Notes to the Financial Statements

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March 31, 2020

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**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 \$48,448,757 (2019 - \$41,071,364). 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 however there has been a change in the policies, procedures, and methods to manage the risk as in the prior year the Fund used derivatives to hedge other price risk and in the current year the Fund did not use derivatives.

**18. Budget information**

The budget figures are from the 2019-2020 Main Estimate approved by the Legislative Assembly of the Northwest Territories and are unaudited.

**19. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

# **PUBLIC STORES REVOLVING FUND**

**FOR THE YEAR ENDED MARCH 31, 2020**

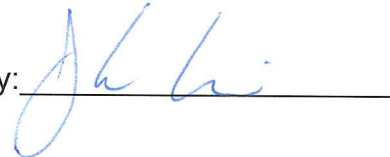
(Unaudited)

**Schedule of Public Stores Revolving Fund Inventories  
for the year ended March 31, 2020**

Public Stores	Balance March 31, 2019	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2020
Yellowknife	177,179			0		177,179
SAM		172,962	(122,605)		0	50,358
	177,179	172,962	(122,605)	0	0	227,537

Prepared By: Sharon Cormier

Approved By: \_\_\_\_\_



**Yellowknife Airport Revolving Fund**

**Financial Statements**

**March 31, 2020**

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# Yellowknife Airport Revolving Fund

## Financial Statements

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March 31, 2020

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## **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 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  
July 29, 2020**

## Independent Auditors' Report

To the Minister of Infrastructure  
Government of Northwest Territories

### *Qualified Opinion*

We have audited the accompanying financial statements of Yellowknife Airport Revolving Fund, which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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, 2020 and March 31, 2019 and payroll liabilities, employee future benefits, net financial assets, and accumulated surplus as at April 1 and March 31 for both the 2020 and 2019 years as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits. Our audit opinion on the financial statements for the year ended March 31, 2019 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") 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 2020 and 2019 years and amortization expense and annual surplus for the years ended March 31, 2020 and March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effect of this limitation in scope.

The Yellowknife Airport Revolving Fund has \$497,290 of inventory held for use. We did not observe the inventory count and we were not able to satisfy ourselves concerning the quantity of inventory by alternative means. As a result, we were unable to determine whether any adjustments might be necessary in respect to the reported amounts of inventory held for use, materials and supplies expense, revenue in excess of expenses, and changes in net financial assets.



## Independent Auditors' Report (continued)

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.

### *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 Organization'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)***Auditors's Responsibilities for the Audit of the Financial Statements (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 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 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 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.

Yellowknife, Northwest Territories  
July 29, 2020



Chartered Professional Accountants

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## Yellowknife Airport Revolving Fund

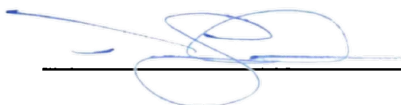
### Statement of Financial Position

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As at March 31,	2020	2019 Restated
<b>Financial Assets</b>		
Accounts receivable (Note 5)	\$ 1,551,364	\$ 2,169,044
Due from the Government of the Northwest Territories (Note 6)	14,226,513	9,120,917
	<b>15,777,877</b>	<b>11,289,961</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,423,556	997,060
Deferred revenue (Note 8)	9,012,200	5,478,288
Employee future benefits (Note 9)	275,876	329,148
Security deposits	81,769	81,769
	<b>10,793,401</b>	<b>6,886,265</b>
<b>Net Financial Assets</b>	<b>4,984,476</b>	<b>4,403,696</b>
<b>Non-Financial Assets</b>		
Inventories held for use	497,290	241,389
Tangible capital assets (Note 10)	39,989,813	24,992,399
Prepaid expenses	6,421	6,069
	<b>40,493,524</b>	<b>25,239,857</b>
<b>Accumulated Surplus</b>	<b>\$ 45,478,000</b>	<b>\$ 29,643,553</b>

Commitments (Note 14)  
Contractual Rights (Note 15)

Approved:



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July 27, 2020

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## Yellowknife Airport Revolving Fund

### Statement of Changes in Net Financial Assets

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For the year ended March 31,	Budget (Unaudited)	2020	2019 Restated
<b>Annual Surplus</b>	\$ 331,541	\$ 15,834,448	\$ 4,228,570
Change in prepaid expenses	-	(352)	(6,069)
Change in inventories held for use	-	(255,902)	(156,775)
Contribution of tangible capital assets	-	(12,053,851)	(3,130,989)
Acquisition of tangible capital assets	-	(5,646,191)	-
Amortization of tangible capital assets	2,342,000	2,702,628	908,145
<b>Increase in Net Financial Assets</b>	2,673,541	580,780	1,842,882
<b>Net Financial Assets, beginning of year</b>	4,403,696	4,403,696	2,560,814
<b>Net Financial Assets, end of year</b>	\$ 7,077,237	\$ 4,984,476	\$ 4,403,696

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## Yellowknife Airport Revolving Fund

### Statement of Operations and Accumulated Surplus

For the year ended March 31,	Budget (Unaudited)	2020	2019 Restated
<b>Revenue</b>			
Aeronautical revenue (Note 19)	\$ 7,205,000	\$ 6,905,123	\$ 7,207,937
Non-aeronautical revenue (Note 19)	3,448,000	3,149,068	3,224,224
	10,653,000	10,054,191	10,432,161
Government transfers (Note 11)		13,833,577	1,575,012
Airport improvement fees	4,646,000	2,173,461	1,525,404
	15,299,000	26,061,229	13,532,577
<b>Expenses (Note 20)</b>			
Airport capital	2,342,000	2,738,507	908,145
Finance and administration	1,917,000	1,394,498	2,471,464
Operations and maintenance	3,891,000	3,652,620	3,488,542
Safety and security	2,848,000	2,702,628	2,535,747
	10,998,000	10,488,253	9,403,898
<b>Operating Surplus before other items</b>	4,301,000	15,572,976	4,128,679
<b>Other Items</b>			
Grant-in-kind, Occupancy costs (Note 12)		1,221,058	1,153,933
Occupancy costs (Note 12)		(1,221,058)	(1,153,933)
Recovery of prior year expenses		261,472	99,891
	-	261,472	99,891
<b>Annual Surplus</b>	4,301,000	15,834,448	4,228,570
<b>Accumulated Surplus, beginning year</b>			
As previously stated	-	35,121,840	28,131,250
Correction of accounting error (Note 18)	-	(5,478,288)	(2,716,267)
As restated	29,643,552	29,643,552	25,414,983
<b>Accumulated Surplus, end year</b>	\$ 33,944,552	\$ 45,478,000	\$ 29,643,553

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## Yellowknife Airport Revolving Fund

### Statement of Cash Flows

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For the year ended March 31,	2020	2019 Restated
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Operating Surplus	\$ 15,834,448	\$ 4,228,570
Items not affecting cash:		
Amortization	2,702,628	908,145
Government transfer - tangible capital assets	(12,053,851)	(1,575,012)
	<b>6,483,225</b>	<b>3,561,703</b>
<b>Changes in non-cash assets and liabilities</b>		
Accounts receivable	617,680	338,245
Inventories held for use	(255,901)	(156,775)
Accounts payable and accrued liabilities	426,495	101,857
Deferred revenue	3,533,912	2,762,021
Employee future benefits	(53,272)	(82,382)
Prepaid expenses	(352)	(6,069)
Due from the Government of the Northwest Territories	(5,105,596)	(4,962,625)
<b>Cash from operating activities</b>	<b>5,646,191</b>	<b>1,555,975</b>
<b>Capital activity</b>		
Acquisition of tangible capital assets	(5,646,191)	(1,555,975)
<b>Increase in cash</b>	<b>-</b>	<b>-</b>
<b>Cash, beginning and end of period</b>	<b>\$ -</b>	<b>\$ -</b>

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# Yellowknife Airport Revolving Fund

## Notes to Financial Statements

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March 31, 2020

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### 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. 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:

- In response to the COVID-19 outbreak the Government of the Northwest Territories imposed travel restrictions which resulted in a significant decrease in air traffic in and out of Yellowknife, Northwest Territories which has impacted the Fund's operations. To assist airlines, tenants, lessees and licensees of the Airport, the Fund under the direction of the Government of the Northwest Territories has waived all lease, license, concession, and landing fees from April 1 to December 31, 2020. The Fund has been in contact with the Government to address the lost revenues and the possibility to recoup the lost fees from the Government directly.
- The entity has implemented remote work arrangements for those able to do so.
- The entity has implemented stringent health and safety procedures.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the entity's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Fund and its operations in future periods.

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# Yellowknife Airport Revolving Fund

## Notes to Financial Statements

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March 31, 2020

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### 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. 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 6.

#### (b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and delivery or service 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.

#### (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.

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# Yellowknife Airport Revolving Fund

## Notes to Financial Statements

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March 31, 2020

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### 3. Significant accounting policies (continued)

#### (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	15-25 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

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.

#### (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) Non-pension employee future benefits and compensated absences

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

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# Yellowknife Airport Revolving Fund

## Notes to Financial Statements

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March 31, 2020

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### 3. Significant accounting policies (continued)

#### (g) Pension employee future benefits

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 \$308,941 (2019 - \$300,086) to the plan which was recognized as an expense. These contributions are expensed on a current year basis. The total pension obligation of the Fund is reflected in the statement of financial position with any changes from the prior year recognized as an expense (recovery) in the current year. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

#### (h) 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.

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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 3. Significant accounting policies (continued)

##### (i) 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.

##### (j) 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. There are no liabilities to be recorded as at March 31, 2020.

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# Yellowknife Airport Revolving Fund

## Notes to Financial Statements

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March 31, 2020

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### (k) 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 (h). 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
- NWT Sports and Recreation
- 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.

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# Yellowknife Airport Revolving Fund

## Notes to Financial Statements

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March 31, 2020

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### 4. Future accounting changes

#### (a) Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2022. The impact of the transition to these accounting standards has not yet been determined.

#### (b) 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.

### 5 Accounts receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2020	Net 2019
Accounts receivable	\$ 1,774,420	\$ (223,056)	\$ 1,551,364	\$ 2,169,044

### 6. 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:

	2020	2019
Balance, beginning of year	\$ 9,120,917	\$ 4,365,662
Add: Cash received by Treasury on behalf of the Fund	27,506,867	16,857,843
Less: Payments made by Treasury on the Fund's behalf	(22,401,271)	(12,102,588)
Balance, end of year	\$ 14,226,513	\$ 9,120,917

The funds held by the Government Treasury are part of the consolidated revenue fund and are non-interest bearing.

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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 7. 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 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 \$20 per departing passenger.

Airport improvement fee summary since implementation, July 1, 2017:

	2020	2019
Cumulative AIF revenue	\$ 11,107,124	\$ 6,991,826
Cumulative AIF expenditures	(3,687,000)	(1,513,538)
<b>Surplus of revenue over expenditures</b>	<b>\$ 7,420,124</b>	<b>\$ 5,478,288</b>

The excess of AIF revenues over expenditures is recorded as deferred revenue.

#### 8. Deferred revenue

Deferred revenue is comprised of:

	2020	2019
Airport improvement fees	\$ 7,420,124	\$ 5,478,288
Government transfers	1,592,076	-
	<b>\$ 9,012,200</b>	<b>\$ 5,478,288</b>

#### 9 Employee future benefits

The employee future benefits liability is as follows:

	2020	2019
Ultimate removal	\$ 25,685	\$ 55,565
Severance	17,182	75,421
Sick leave	29,418	6,974
Special leave	2,877	(2,320)
Annual leave and lieu time	200,714	193,508
	<b>\$ 275,876</b>	<b>\$ 329,148</b>

Removal benefits are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2020. The effective date of the next actuarial valuation is March 31, 2021.



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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 10. Tangible capital assets

	Cost	Accumulated Amortization	March 31, 2020	March 31, 2019
Buildings	\$ 30,264,510	\$ 2,271,506	\$ 27,993,004	\$18,192,463
Water/sewer works	453,919	71,987	381,932	411,767
Machinery, equipment and vehicles	6,283,545	1,001,710	5,281,835	3,766,447
Airstrips/runways	4,222,175	1,156,167	3,066,008	2,075,330
Work in progress	3,267,034	-	3,267,034	546,392
	<b>\$ 44,491,183</b>	<b>\$ 4,501,370</b>	<b>\$ 39,989,813</b>	<b>\$24,992,399</b>

Schedule 1 provides a breakdown of tangible capital assets and work in progress.

#### 11. Government transfers

The Fund received and recorded as revenue the following grants:

Received from	Type of transfer	Project	2020	2019
Canadian Air Transport Security Authority	Capital	Baggage Handling System	\$ 1,779,726	\$ -
Government of Northwest Territories	Capital	Tangible capital assets	12,053,851	1,575,012
			<b>\$ 13,833,577</b>	<b>\$ 1,575,012</b>

Schedule 1 provides a breakdown of the contributed tangible capital assets. The tangible capital assets were transferred at the Government's carrying amount.

#### 12. 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.

#### 13. Budget Information

The budget figures are from the 2019-2020 Main Estimate approved by the Legislative Assembly of the Northwest Territories and are unaudited.

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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 14. Commitments

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2020 the commitments amounted to \$2,306,561. The annual payments for these commitments are as follows:

	2021	2022	2023	2024	2025 and subsequent years
Equipment leases	\$ 1,929	\$ 1,929	\$ 1,929	\$ -	\$ -
Equipment	35,208	-	-	-	-
Service contracts	1,501,197	296,352	94,213	63,576	5,333
Construction projects	304,894	-	-	-	-
	<u>\$ 1,843,228</u>	<u>\$ 298,281</u>	<u>\$ 96,142</u>	<u>\$ 63,576</u>	<u>\$ 5,333</u>

#### 15. 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:

	2021	2022	2023	2024	2025 and subsequent years
Leases	\$ 2,037,368	\$ 1,921,761	\$ 1,665,609	\$ 1,644,017	\$ 50,464,915
Licenses	226,638	164,372	104,645	68,758	1,287,959
	<u>\$ 2,264,006</u>	<u>\$ 2,086,133</u>	<u>\$ 1,770,254</u>	<u>\$ 1,712,775</u>	<u>\$ 51,752,874</u>

#### 16. Comparative Amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 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 \$15,777,877 (2019 - \$11,289,961). Accounts receivable are due from various corporations. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. At March 31, 2020, the accounts receivable past due are as follows:

	30 days	60 days	90 days	Over 120 days	Total
Accounts receivable	\$ 1,434,263	\$ 28,176	\$ 71,001	\$ 240,980	\$ 1,774,420

The Fund's management has determined that a portion of accounts receivable is impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is \$223,056 (2019 - nil).

Management believes the risk exposure related to amounts due from the Government of 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 a default. The Fund does have concentration risk. At March 31, 2020, receivables from two (2019 - five) customers comprised 40% (2019 - 63%) of the total outstanding accounts receivables. The Fund reduces this risk by monitoring overdue balances. The Fund also has concentration risk related to the amount due from the Government of the 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 outflow 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 cash outflows should they arise.

The Fund's maximum exposure to liquidity risk is represented by its financial liabilities for a total of \$10,793,401. Financial liabilities consist of accounts payable and accrued liabilities. All of the Fund's financial assets and financial liabilities as at March 31, 2020 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 14.

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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 18. Correction of accounting error

During the year it was determined that Airport Improvement Fees are restricted revenues and as such should be deferred and recognized as revenue as the eligible capital costs are incurred. In prior years the Airport Improvement Fees were recognized as revenue upon passenger departure. The comparative figures have been retroactively restated to reflect the actual invoiced amounts. The impact of this restatement on the financial statements is detailed below.

	As previously stated 2019	Adjustments Increase (Decrease)	Restated 2019
<b>Statement of Financial Position</b>			
Deferred revenues	\$ -	\$ 5,478,288	\$ 5,478,288
Net Financial Assets	9,881,986	(5,478,288)	4,403,698
Accumulated Surplus	35,121,843	(5,478,288)	29,643,555
<b>Statement of Changes in Net Financial Assets</b>			
Net Financial Assets, beginning of year	5,277,083	(2,716,267)	2,560,816
Net Financial Assets, end of year	\$ 9,881,986	\$ (5,478,288)	\$ 4,403,698
<b>Statement of Operations and Accumulated Surplus</b>			
Revenue	\$ 14,719,586	\$ (2,762,021)	\$ 11,957,565
Annual surplus	6,990,591	(2,762,021)	4,228,570
Accumulated Surplus, beginning of year	28,131,252	(2,716,267)	25,414,985
Accumulated Surplus, end of year	35,121,843	(5,478,288)	29,643,555
<b>Statement of Cash Flows</b>			
Cash from operating activities	\$ 7,552,676	\$ (2,762,021)	\$ 4,790,655

#### 19. Revenue by object

The following is a summary of revenues by object.

For the year ended March 31	2020 Actual	2019 Actual
Apron fees	\$ 139,934	\$ 128,610
Concession fees	252,248	280,369
Landing and terminal fees	6,285,834	6,652,000
Leases	2,615,247	2,607,993
Parking	238,179	280,182
Recoveries	424,437	407,207
Other	98,312	75,800
<b>Total Revenue</b>	<b>\$ 10,054,191</b>	<b>\$ 10,432,161</b>

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## Yellowknife Airport Revolving Fund

### Notes to Financial Statements

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March 31, 2020

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#### 20. Expenses by object

For the year ended March 31	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Amortization	\$ 2,342,000	\$ 2,702,628	\$ 908,145
Bad debts	2,000	223,304	957
Computer hardware and software	30,000	193,586	82,148
Contract services	2,519,000	1,567,208	3,131,030
Loss on disposal of capital assets	-	-	5,056
Materials and supplies	1,627,000	882,015	515,172
Purchased Services	171,000	200,241	406,628
Travel	30,000	5,723	13,187
Utilities	15,000	128,409	134,550
Salaries and benefits	4,262,000	4,585,139	4,207,025
<b>Total Expenses</b>	<b>\$ 10,998,000</b>	<b>\$ 10,488,253</b>	<b>\$ 9,403,898</b>

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## Yellowknife Airport Revolving Fund

## Schedule of Tangible Capital Assets

For the Year Ended March 31, 2020

	Buildings	Machinery, equipment and vehicles	Water & sewer works	Airstrips	Work in progress	Total 2020	Total 2019
<b>Cost</b>							
Balance, beginning of the year	\$19,300,274	\$ 4,364,129	\$ 453,919	\$ 2,126,427	\$ 546,392	\$ 26,791,141	\$23,660,153
Add: contributed tangible capital assets received	9,825,464	132,639	-	2,095,748	-	12,053,851	-
Add: additions during year	812,644	1,616,439	-	-	3,227,108	5,656,191	1,575,012
Add: transfers to tangible capital assets	326,128	180,338	-	-	(506,466)	-	1,555,976
Balance, end of year	30,264,510	6,293,545	453,919	4,222,175	3,267,034	44,501,183	26,791,141
<b>Accumulated Amortization</b>							
Balance, beginning of year	1,107,811	597,682	42,152	51,097	-	1,798,742	890,598
Add: amortization	1,163,695	404,028	29,835	1,105,070	-	2,702,628	908,144
Balance, end of the year	2,271,506	1,001,710	71,987	1,156,167	-	4,501,370	1,798,742
<b>Net Book Value</b>	<b>\$27,993,004</b>	<b>5,291,835</b>	<b>381,932</b>	<b>3,066,008</b>	<b>3,267,034</b>	<b>39,999,813</b>	<b>24,992,399</b>
2019 Net Book Value	\$18,192,463	\$ 3,766,447	\$ 411,767	\$ 2,075,330	\$ 546,392	\$ 24,992,399	

**Environment Fund**

**Financial Statements**

**March 31, 2020**

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## Environment Fund

### Financial Statements

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March 31, 2020

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## Management Responsibility Statement

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statement, which has been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations. 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.

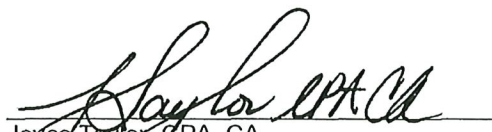
In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designated to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control 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.



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Erin Kelly, PhD.  
Deputy Minister  
Department of Environment and Natural Resources



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Joyce Taylor, CPA, CA,  
Director, Finance and Capital Planning  
Department of Environment and Natural Resources

June 30, 2020



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## **Independent Auditors' Report**

### **To the Minister of Environment and Natural Resources - Environment Fund**

#### *Qualified Opinion*

We have audited the financial statements of Environment Fund, which comprise the statement of financial position as at March 31, 2020, 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 Environment Fund as at March 31, 2020 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

#### *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 \$5,307,973 (2019 - \$5,374,550), depot handling fees \$860,181 (2019 - \$926,150), processing fees \$471,135 (2019 - \$538,886) and refundable deposits \$2,373,662 (2019 - \$2,691,374). 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, 2020 and 2019, accounts receivable, accounts payable or fund balances as at March 31, 2020 and 2019.

Wages and benefits of \$815,510 (2019 - \$973,196) 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, 2020 and 2019, liabilities and fund balances as at March 31, 2020 and 2019.

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

### *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 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.

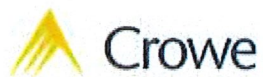
In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease 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

- ◆ 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.

Yellowknife, Canada  
June 30, 2020

*Crowe Mackay LLP*

Chartered Professional Accountants

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**Environment Fund****Statement of Operations**

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<b>For the year ended March 31,</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Beverage Container Program (schedule 1)	\$ 5,688,498	\$ 5,946,373
Electronic Recycling Program (schedule 2)	235,255	226,843
Other Programs and Initiatives (schedule 3)	599,534	770,421
	<b>6,523,287</b>	<b>6,943,637</b>
<b>Expenses</b>		
Beverage Container Program (schedule 1)	5,011,534	5,547,268
Electronic Recycling Program (schedule 2)	283,144	401,250
Other Programs and Initiatives (schedule 3)	332,158	641,323
	<b>5,626,836</b>	<b>6,589,841</b>
<b>Excess of revenues over expenses</b>	<b>\$ 896,451</b>	<b>\$ 353,796</b>

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## Environment Fund

### Statement of Changes in Fund Balances

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For the year ended March 31, 2020

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	Unrestricted	Equipment replacement reserve	Total 2020	Total 2019
<b>Balance, beginning of year</b>	\$ 3,788,656	\$ 455,180	<b>\$ 4,243,836</b>	\$ 3,890,040
Excess of revenues over expenses	896,451	-	<b>896,451</b>	353,796
Transfer to reserve (Note 2c)	(30,396)	30,396	-	-
Transfer from reserve (Note 2c)	61,897	(61,897)	-	-
<b>Balance, end of year</b>	<b>\$ 4,716,608</b>	<b>\$ 423,679</b>	<b>\$ 5,140,287</b>	<b>\$ 4,243,836</b>

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## Environment Fund

### Statement of Financial Position

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March 31, 2020 2019

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#### Assets

Accounts receivable	\$ 909,304	\$ 1,070,498
Due from Treasury (note 3)	5,207,662	4,354,156
Loan receivable (note 4)	14,464	19,286
	<u>\$ 6,131,430</u>	<u>\$ 5,443,940</u>


#### Liabilities

Accounts payable and accrued liabilities	\$ 194,947	\$ 394,114
Unredeemed container liability (note 5)	796,196	805,990
	<u>991,143</u>	<u>1,200,104</u>

#### Fund balances

Unrestricted	4,716,608	3,788,656
Equipment replacement reserve	423,679	455,180
	<u>5,140,287</u>	<u>4,243,836</u>
	<u>\$ 6,131,430</u>	<u>\$ 5,443,940</u>

Approved on behalf of the board:



Deputy Minister

  
Director, Finance and Capital Planning

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 1. Nature of operations

The Environment Fund ("the Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Reduction and Recovery Act* ("the Act") of the Northwest Territories. The Act was enacted in October 2003 during the 6th session of the 16th Legislative Assembly. The Act came into force in July 2005 with the establishment of the 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 Natural Resources advised it will be examining other waste reduction and recovery programs that could, in the future, become part of the Fund.



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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 2. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian public sector accounting standards for not-for-profit organizations.

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 are managed by the Fund is not included in these financial statements as they are not the capital assets of the Fund, they are held by the Department of Environment and Natural Resources.

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.

##### (c) Reserve funds

Restrictions have been placed on surplus to reserve funds for future operations:

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 2020 transfer is \$30,396 (2019 - \$24,207). During the year the Department of Environment and Natural Resources purchased equipment of \$61,897 (2019 - \$98,720) on behalf of the Fund. This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 2. Significant accounting policies (continued)

##### (d) Contributed services

The Department of Environment and Natural Resources 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 Natural Resources received \$1,143,000 in start-up funding from the Government of the Northwest Territories to cover the costs of implementing the Beverage Container Program. The start-up costs, which were incurred before the Beverage Container Program came into force on November 1, 2005, are not reflected in the financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

##### (f) Cash flow statement

As the Fund does not maintain a bank account, but rather receives working capital advances and finances accounts receivable and operating expenses through the Government's Consolidated Revenue Fund (the "CRF"); 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

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 2. 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

#### 3. 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.

#### 4. Loan receivable

The Fund loaned one bottle depot operator funds to be used to pay persons returning empty beverage containers to the depots. The loan is non-interest bearing and is repayable in monthly installments of \$536 starting May 1, 2018 with the final payment due on November 1, 2021.

	2020	2019
Loan receivable	\$ 14,464	\$ 19,286
Estimated principal repayments are as follows:		
2021	\$ 6,483	
2022	7,981	
	\$ 14,464	

#### 5. Unredeemed container liability

The unredeemed container liability is an amount that is equal to 15% (2019 - 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*.

#### 6. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 7. Contingent liabilities

There is one outstanding claim that is pending against the Fund. The likelihood or amount, if any, cannot be reasonably estimated and as such no liability has been accrued in these financial statements.

#### 8. Related party transactions

The Fund is related in terms of common ownership to 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 Natural Resources, as outlined in Note 2 (d).

The Fund entered into transactions with the following entities:

NWT Liquor Commission, Common control  
Government of the Northwest Territories - Human Resources , Common control  
Marine Transportation Services, Common control  
Wrigley District Education Authority, Common control

	2020	2019
Revenue		
NWT Liquor Commission - Beverage container program fees	<b>\$ 1,911,742</b>	\$ 2,008,473
Expenses		
K'asho Got'ine District Education Authority - Chief T'Selehye School - Grants and contributions	-	8,528
Jean Marie River District Education Authority - Louie Norwegian School - Grants and contributions	-	1,502
Wrigley District Education Authority - Chief Julian Yendo School - Grants and contributions	<b>4,813</b>	2,063
Marine Transportation Services - Freight	<b>73,458</b>	71,964
Government of the Northwest Territories - Human Resources - Payroll	<b>815,509</b>	973,196
	<b>\$ 893,780</b>	\$ 1,057,253
Accounts receivable		
NWT Liquor Commission	<b>\$ 156,603</b>	\$ 179,474

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 9. 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 due.

The Fund is exposed to this risk relating to its accounts receivable, loans receivable, and due from Treasury. Accounts receivable are 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.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of \$6,131,430 (2019 - \$5,443,940). All financial assets are considered current except for the loan receivable referenced in Note 4.

##### (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, 2020, receivables from 3 (5 - 2019) customers comprised approximately 50% (2019 - 68%) of the total outstanding receivables. The Fund reduces this risk by regularly assessing the credit risk associated with these accounts.

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## Environment Fund

### Notes to the Financial Statements

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March 31, 2020

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#### 10. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic global due to an outbreak of a novel coronavirus identified as "COVID-19". In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, provincial, and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Fund and its operations in future periods.

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## Environment Fund

### Schedules to the Financial Statements

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For the year ended March 31,

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#### Schedule of Beverage Container Program

Schedule 1

	2020	2019
<b>Revenue</b>		
Beverage container program fees	\$ 5,307,973	\$ 5,374,550
Salvage	295,214	470,629
Interest revenue	84,386	84,317
Recoveries	925	16,877
	<b>5,688,498</b>	<b>5,946,373</b>
<b>Expenditures</b>		
Advertising and promotion	2,263	447
Contract service - satellite depot	102,498	132,131
Depot handling fees	860,181	926,150
Equipment, supplies and maintenance	125,999	147,010
Freight	320,763	357,430
Grants and contributions	92,103	85,852
Insurance	14,271	12,347
Office and software	6,109	7,767
Processing centre handling fees	471,135	538,886
Processing centre salvage	54,377	80,292
Quality control fees	42,716	84,247
Refundable deposit fees	2,373,662	2,691,374
Storage	35,335	17,475
Travel and training	4,355	21,839
Wages and benefits	505,767	444,021
	<b>5,011,534</b>	<b>5,547,268</b>
<b>Excess of revenues over expenses</b>	<b>\$ 676,964</b>	<b>\$ 399,105</b>

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**Environment Fund****Schedules to the Financial Statements**

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For the year ended March 31,

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**Schedule of Electronic Recycling Program****Schedule 2**

	2020	2019
<b>Revenue</b>		
Electronic recycling program fees	\$ 235,255	\$ 226,807
Recoveries	-	36
	<b>235,255</b>	<b>226,843</b>
<b>Expenditures</b>		
Advertising and promotion	13,693	37,923
Contract service - satellite depot	10,950	16,661
Depot, processing centre and recycling fees	87,786	123,184
Equipment, supplies and maintenance	12	13,554
Freight	24,448	32,943
Office	-	17
Professional fees	36,369	36,638
Storage	6,000	4,830
Travel and training	1,947	1,685
Wages and benefits	101,939	133,815
	<b>283,144</b>	<b>401,250</b>
<b>Deficiency of revenues over expenses</b>	<b>\$ (47,889)</b>	<b>\$ (174,407)</b>

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**Environment Fund****Schedules to the Financial Statements**

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**For the year ended March 31,**

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**Schedule of Other Programs and Initiatives****Schedule 3**

	2020	2019
<b>Revenue</b>		
Single-use retail bag program fees	\$ 599,534	\$ 766,546
Recoveries	-	3,875
	<b>599,534</b>	<b>770,421</b>
<b>Expenditures</b>		
Advertising and promotion	29,620	6,550
Grants and contributions	5,000	151,279
Contract services - satellite depot	21,945	-
Office	2,662	2,179
Professional fees	48,388	66,505
Travel and training	16,739	19,450
Wages and benefits	74,604	96,103
Wages and benefits – Policy development	115,531	261,546
Wages and benefits - Waste reduction and recycling	17,669	37,711
	<b>332,158</b>	<b>641,323</b>
<b>Excess of revenues over expenses</b>	<b>\$ 267,376</b>	<b>\$ 129,098</b>

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**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND  
Yellowknife, NT**

**FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

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Managements' Responsibility for Financial Reporting	
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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.

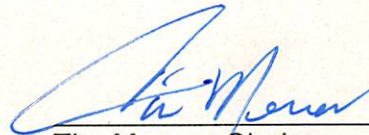
The Accounting firm of Ashton Chartered Accountants has provided an independent objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian accounting standards for pension plans. The auditor also considers whether the transactions that come to his 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



Tim Mercer, Clerk

July 31, 2020



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## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Legislative Assembly Retiring Allowance Fund

### *Opinion*

We have audited the financial statements of Legislative Assembly Retiring Allowance Fund (the Fund), which comprise the balance sheet as at March 31, 2020, and the statements of earnings, retained earnings 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, 2020, and the results of its operations and cash flows 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 *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 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 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 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:

(continues)

Independent Auditor's Report to the Shareholders of Legislative Assembly Retiring Allowance Fund  
(continued)

- 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.

Hay River, Northwest Territories  
July 31, 2020



Ashton, Chartered Professional Accountants

**LEGISLATIVE ASSEMBLY RETIRING  
ALLOWANCE FUND**

**STATEMENT OF FINANCIAL POSITION**  
March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts Receivable (Note 3)	\$ 33,498	\$ 15,730
Accrued Interest Income	<u>19,512</u>	<u>18,901</u>
	53,010	34,631
<b>INVESTMENTS</b> (Note 4)	<u>19,521,755</u>	<u>24,998,449</u>
	<u>\$ 19,574,765</u>	<u>\$ 25,033,080</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts Payable	<u>\$ 50,940</u>	<u>\$ 50,630</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b> per page 2	19,523,825	24,982,450
<b>PENSION OBLIGATIONS</b> per page 3 (Note 5)	<u>16,822,200</u>	<u>20,742,300</u>
<b>PENSION PLAN FUND SURPLUS</b>	<u>\$ 2,701,625</u>	<u>\$ 4,240,150</u>

**APPROVED**

*Fredrick Blute J*

\_\_\_\_\_  
Speaker

*F. M. Meyer*

\_\_\_\_\_  
Clerk

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
For the Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>INCREASE IN ASSETS</b>		
<b>Contributions:</b>		
Members	228,253	215,651
Government of the NWT	550,000	550,000
In-Kind Contributions	<u>7,000</u>	<u>7,000</u>
	<u>785,253</u>	<u>772,651</u>
<b>Investment Income:</b>		
Interest	336,830	355,826
Dividends	325,973	316,664
Gain on Sale of Investments	<u>1,811,991</u>	<u>263,455</u>
	2,474,794	935,945
Current Period Change in Fair Values of Investments	<u>(2,513,988)</u>	<u>505,203</u>
Net Investment Income	<u>(39,194)</u>	<u>1,441,148</u>
Total Increase in Assets	<u>746,059</u>	<u>2,213,799</u>
<b>DECREASE IN ASSETS</b>		
Benefits		
Pension Payments	1,011,420	991,288
Termination/Lump sum Payments	<u>5,030,728</u>	<u>-</u>
Total Benefits	<u>6,042,148</u>	<u>991,288</u>
Administrative		
Actuary Fees	38,539	32,724
Audit Fees	7,000	7,000
Investment Management Fees	71,842	90,093
Meeting Travel & Accommodation	11,703	10,027
Trustee Fees	<u>33,452</u>	<u>31,417</u>
Total Administrative	<u>162,536</u>	<u>171,261</u>
Total Decrease in Assets	<u>6,204,684</u>	<u>1,162,549</u>
<b>INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ (5,458,625)</b>	<b>\$ 1,051,250</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>BEGINNING OF YEAR</b>	<u>24,982,450</u>	<u>23,931,200</u>
<b>END OF YEAR</b>	<u>\$ 19,523,825</u>	<u>\$ 24,982,450</u>



**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**STATEMENT OF CHANGES IN PENSION OBLIGATIONS**  
For the Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>INCREASE IN PENSION OBLIGATIONS</b>		
Interest accrued on benefits	\$ 890,900	\$ 963,000
Benefits accrued	838,000	800,000
Experience loss	-	-
	<u>1,728,900</u>	<u>1,763,000</u>
 <b>DECREASE IN PENSION OBLIGATIONS</b>		
Benefits Paid	\$ 5,649,000	\$ 988,000
Experience gains	-	-
	<u>5,649,000</u>	<u>988,000</u>
<b>INCREASE IN PENSION OBLIGATIONS</b>	(3,920,100)	775,000
 <b>PENSION OBLIGATIONS, BEGINNING OF YEAR</b>	 <u>20,742,300</u>	 <u>19,967,300</u>
<b>PENSION OBLIGATIONS, END OF YEAR</b>	<u>\$ 16,822,200</u>	<u>\$ 20,742,300</u>
 <b>AS REPRESENTED BY</b>		
Active Members	\$ 1,790,300	\$ 5,571,100
Pensioners & Terminated Members	<u>15,031,900</u>	<u>15,171,200</u>
	<u>\$ 16,822,200</u>	<u>\$ 20,742,300</u>

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**1. DESCRIPTION OF PLAN**

**a) General**

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act (NWT) and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

**1) Funding Policy**

The Legislative Assembly Retiring Allowance (NWT) Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held.

The Legislative Assembly Retiring Allowances Act (NWT) requires Plan members to contribute 6.5% of their pensionable remuneration and earnings to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

**2) Normal Retirement Age**

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**1. DESCRIPTION OF PLAN - cont'd**

**3) Retirement Pension**

Two percent of the average best total earnings over four years multiplied by Credited Services as a Member

Note that prior to the amendment in 2011, the retirement pension was determined as follows:

Two percent of the average best earnings over four years as an MLA multiplied by Credited Services as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

**4) Early Retirement**

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

**5) Late Retirement**

Up to age 71.

**6) Maximum Allowance**

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lesser of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**1. DESCRIPTION OF PLAN - cont'd**

**7) Form of Pension**

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter (to a maximum total of 100%).

**8) Increases in Pension**

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

**9) Pre-Retirement Death Benefits**

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

**10) Withdrawal Benefits**

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The Significant polices are detailed as follows:

**a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

**b) Investments**

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

**c) Fair value hierarchy**

The company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**d) Pension obligations**

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

**e) Revenue recognition**

Revenue from contributions and investment income are recognized on an accrual basis.

**f) Contributed services**

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

**g) Pension benefits**

Pension benefits are shown as expenses in the year of payment.

**h) Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**3. ACCOUNTS RECEIVABLE**

	2020	2019
Member Contributions	\$ 26,498	\$ 8,730
In-Kind Contributions- GNWT	7,000	7,000
	\$ 33,498	\$ 15,730

In-kind contributions arise from the payment of audit fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value

**4. INVESTMENTS**

The Plan's investments are categorized according to the fair value hierarchy as follows:

	Cost	2020 Market	Cost	2019 Market
Cash & Cash Equivalents	2,709	2,709	14,896	14,896
Canadian Equity Mutual Funds	4,553,097	3,751,781	4,232,141	4,354,579
International Equity Mutual Funds	6,081,047	6,476,341	6,824,687	8,731,675
Temporary Investments	89,062	89,062	69,073	69,073
Canadian Fixed Income Funds	6,296,353	6,385,282	8,844,177	9,027,193
Government of Canada Bonds	1,882,906	2,178,484	1,882,906	2,170,095
Province of Ontario Bonds	430,653	638,096	430,653	630,938
	\$ 19,335,827	\$ 19,521,755	\$ 22,298,533	\$ 24,998,449

The above listed investments are managed by CIBC Mellon Global Securities and invested by MFS Investment Management Canada Limited and Connor, Clark & Lunn Investment Management Ltd. The investments will not be redeemed in the subsequent period.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2020**

**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:

	2020	2019
Level 1	\$ 19,521,755	\$ 24,998,449

**5. OBLIGATIONS FOR PENSION BENEFITS**

The actuarial present value of accrued pension benefits was determined by Aon Hewitt, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016.

The data and assumptions used for the March 31, 2018 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2016.

The actuarial liability and cost of benefits accruing after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method.

The following were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2020	2019
Valuation Interest Rate (net of expenses)	4.75%	4.75%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	4.75%	4.75%
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, 2016 and the related report completed in January 2017. The next actuarial valuation will be completed for April 1, 2020.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2020 has been obtained using a measurement date of January 31, 2020 by increasing the April 1, 2016 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.



**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended March 31, 2020

**6. FINANCIAL INSTRUMENTS**

The Fund's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of accounts receivable, accrued interest income and accounts payable. The fair value of these other financial instruments approximates their carrying values.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as a basic risk-management tool for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent to which is discussed below:

**a) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings to investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies, have underlying foreign currency exposure. This exposure lies principally within foreign equity funds. The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

**b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate, currency, and other price risk. The extent of market risk exposure is dependent on the nature of the investment.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**6. FINANCIAL INSTRUMENTS, continued**

**c) Credit risk**

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

**d) Concentration risk**

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

**e) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The government of Northwest Territories (GNWT), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan should they occur.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**6. FINANCIAL INSTRUMENTS, continued**

**f) Interest rate risk**

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates. The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole. Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

**g) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

**LEGISLATIVE ASSEMBLY  
RETIRING ALLOWANCE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2020

**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, 2020, the Plan is not in violation of any externally imposed legal or regulatory requirements.

**8. AUTHORIZATION**

On July 31, 2020, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2020.

**THE NATURAL RESOURCES  
CONSERVATION TRUST FUND**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the year ended March 31, 2020

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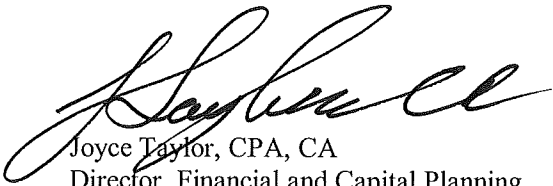
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## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with 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.



Joyce Taylor, CPA, CA  
Director, Financial and Capital Planning  
Department of Environment and Natural Resources

June 19, 2020



# AVERY COOPER & CO. LTD.

Chartered Professional Accountants

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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, 2020, 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 Act* 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.

### *Emphasis of Matter*

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund to meet the requirements of the Act. 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 and fair presentation 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 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:





## INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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 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 19, 2020



# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## STATEMENT OF FINANCIAL POSITION

March 31, 2020

### ASSET

	<u>2020</u>	<u>2019</u>
<b>CURRENT</b>		
Cash	\$ 241,460	\$ 244,919

### LIABILITY

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,700	\$ 8,676

### FUND BALANCES

<b>CAPITAL PORTION per page 3</b>	187,828	187,828
<b>INTEREST PORTION per page 3</b>	<u>50,932</u>	<u>48,415</u>
	<u>238,760</u>	<u>236,243</u>
	<u>\$ 241,460</u>	<u>\$ 244,919</u>

Approved:



Erin Kelly, PhD.  
Deputy Minister  
Department of Environment and Natural Resources



Joyce Taylor, CPA, CA,  
Director, Finance and Capital Planning  
Department of Environment and Natural Resources

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## STATEMENT OF OPERATIONS

For the year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Interest income	\$ 5,217	\$ 5,015
<b>EXPENSES</b>		
Professional fees	<u>2,700</u>	<u>2,700</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 2,517</u>	<u>\$ 2,315</u>

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## STATEMENT OF CHANGES IN FUND BALANCES For the year ended March 31, 2020

	2020		
	Capital Portion	Interest Portion	Total
<b>BALANCE, opening</b>	\$ 187,828	\$ 48,415	\$ 236,243
Excess of revenue over expenses	-	2,517	2,517
<b>BALANCE, closing</b>	<u>\$ 187,828</u>	<u>\$ 50,932</u>	<u>\$ 238,760</u>
	2019		
	Capital Portion	Interest Portion	Total
<b>BALANCE, opening</b>	\$ 187,828	\$ 46,100	\$ 233,928
Excess of revenue over expenses	-	2,315	2,315
<b>BALANCE, closing</b>	<u>\$ 187,828</u>	<u>\$ 48,415</u>	<u>\$ 236,243</u>

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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

These financial statements are prepared in accordance with the Act. The significant accounting policies are detailed as follows:

#### (a) Fund accounting

In accordance with the Act, the Fund is administered into two portions, the Capital portion, and the Interest portion.

##### *Capital portion*

The Capital portion consists of donations, bequests and other payments for deposit accepted by the Board. The Board may not make payments from the capital portion without prior approval of the Minister unless the payment is for designated purpose that has been specified by the benefactor. There are no designated funds in the capital portion of the Fund.

##### *Interest portion*

The Interest portion consists of interest earned by the Fund. The Financial Management Board fixes the rate of interest earned by the Fund. The Board of Trustees may make payments from the Interest portion of the Fund to persons, groups and programs.

# THE NATURAL RESOURCES CONSERVATION TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 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 Natural Resources maintains the Fund's accounts. The cost of administering the Fund are borne by the Department. The Fund has elected not to recognize contributed materials and services in these financial statements.

#### (d) Expenses

Payments from the Interest portion and the Capital portion of the Fund are recognized as expenses in the period in which the events giving rise to the payment occurred, as long as the payment is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. All other expenses are recognized on an accrual basis.

### 3. FINANCIAL INSTRUMENTS

#### (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.

**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, 2020

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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

Brian J. Asmundson  
Public Trustee

June 30, 2020



# AVERY COOPER & CO. LTD.

Chartered Professional Accountants

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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, 2020, 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, 2020, 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 responsible 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  
June 30, 2020

## STATEMENT I

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES  
ESTATE & TRUST FUND**

**BALANCE SHEET  
March 31, 2020**

**ASSETS**

	<u>2020</u>	<u>2019</u>
Cash (Note 3)	\$7,780,534	\$6,497,019
Other assets at nominal value (Note 2b)	<u>1</u>	<u>1</u>
	<u>\$7,780,535</u>	<u>\$6,497,020</u>

**NET ASSETS**

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 66,855	\$ 72,309
Public Trustee Management Fund (Note 6)	28,741	21,820
Estate & Trust Fund per Statement III (Note 5)	<u>7,684,939</u>	<u>6,402,891</u>
	<u>\$7,780,535</u>	<u>\$6,497,020</u>

Approved:

Brian J. Asmundson

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, 2020

	<u>2020</u>	<u>2019</u>
<b>Undistributed Common Fund earnings, opening</b>	<u>\$ 72,309</u>	<u>\$ 37,320</u>
<b>Add:</b>		
Common Fund earnings	<u>151,094</u>	<u>126,583</u>
<b>Less:</b>		
Interest paid to estates and trusts (Statement III)	139,127	91,594
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	<u>17,421</u>	<u>-</u>
	<u>156,548</u>	<u>91,594</u>
<b>Increase (decrease) in Undistributed Common Fund earnings balance</b>	<u>(5,454)</u>	<u>34,989</u>
<b>Undistributed Common Fund earnings, closing (Note 4)</b>	<u>\$ 66,855</u>	<u>\$ 72,309</u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES  
ESTATE & TRUST FUND**

**STATEMENT OF CHANGES IN ESTATE & TRUST FUND BALANCE**  
For the year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>Estate &amp; trust funds provided:</b>		
Estate and trust assets received	\$ 3,317,267	\$ 3,257,142
Common Fund interest paid to estates and trusts (Statement II)	<u>139,127</u>	<u>91,594</u>
	<u>3,456,394</u>	<u>3,348,736</u>
<b>Estate &amp; trust funds applied:</b>		
Payments to beneficiaries	1,138,545	1,699,651
Disbursements made on behalf of estates and trusts	863,587	973,110
Administration fees (Note 2c)	162,891	127,087
GST on Administration fees	8,145	6,355
Court fees	<u>1,178</u>	<u>1,575</u>
	<u>2,174,346</u>	<u>2,807,778</u>
<b>Increase in Estate &amp; Trust Fund balance</b>	1,282,048	540,958
<b>Estate &amp; Trust Fund balance, opening</b>	<u>6,402,891</u>	<u>5,861,933</u>
<b>Estate &amp; Trust Fund balance, closing (Note 5)</b>	<u>\$ 7,684,939</u>	<u>\$ 6,402,891</u>

See the accompanying notes.

## PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

#### 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 \$162,891 (2019 - \$127,087) 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, 2020

**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:

	<u>2020</u>	<u>2019</u>
Common Fund	\$7,684,938	\$6,402,890
Other assets at nominal value	<u>          1</u>	<u>          1</u>
	<u>\$7,684,939</u>	<u>\$6,402,891</u>



**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2020

**NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND**

The change during the year in the Public Trustee Management Fund is as follows:

	<u>2020</u>	<u>2019</u>
<b>Public Trustee Management Fund balance, opening</b>	\$21,820	\$32,320
<b>Add:</b>		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	17,421	-
<b>Less:</b>		
Costs incurred in respect of the annual audit	<u>(10,500)</u>	<u>(10,500)</u>
<b>Public Trustee Management Fund balance, closing</b>	<u>\$28,741</u>	<u>\$21,820</u>

**NOTE 7 FINANCIAL INSTRUMENTS**

The financial instruments of the Fund consist of cash, undistributed Common Fund earnings, and the Common Fund. It is management's opinion that the Public Trustee is not exposed to significant interest rate, currency, market, credit or liquidity risks and that the fair value of these financial instruments approximates their carrying value.

# **STUDENTS LOAN FUND**

**FOR THE YEAR ENDED MARCH 31, 2020**

(Unaudited)

**Government of the Northwest Territories  
Students Loan Fund  
Statement of Operations  
for the year ended March 31, 2020**

**(thousands of dollars)**

	2020	2019
Loans Receivable, opening balance	41,129	40,953
Loans granted during the year	<u>5,633</u>	<u>6,071</u>
	<b>46,761</b>	<b>47,024</b>
Less:		
Principal amount of loans repaid	(3,104)	(3,108)
Principal amount of loan forgiveness	(279)	-
Principal amount of loan remissions	(2,005)	(2,204)
Principal Amount of Northern Bonus	<u>(575)</u>	<u>(584)</u>
Loans Receivable, closing balance	40,799	41,129
Less:		
Allowance for remissable and doubtful loans	<u>(17,133)</u>	<u>(16,836)</u>
<b>Net Loans Receivable, closing balance</b>	<b><u>23,666</u></b>	<b><u>24,292</u></b>


**Effect of Students Loan Fund on Government Operations**

Interest earned and credited to general revenues	296	264
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		
Less:		
Collection agency fees	(2)	(9)
Estimated provision for remission and doubtful accounts	<u>(3,176)</u>	<u>(2,409)</u>
<b>Operating deficiency for the year</b>	<b><u>(2,882)</u></b>	<b><u>(2,154)</u></b>

Approved:



Rita Mueller  
Deputy Minister  
Department of Education, Culture and Employment



Marissa Martin  
Director, Finance and Capital Planning  
Department of Education, Culture and Employment

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# Students Loan Fund

Notes to the Financial Statement

(in thousands)

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March 31, 2020

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## 1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the *Student Financial Assistance Regulations* (the Regulations), financial assistance is provided by the Department of Education, Culture and Employment (ECE) to eligible students to assist with the cost of obtaining a post-secondary education. Student Financial Assistance (SFA) provides assistance through a combination of grants and loans (remissible and repayable), subject to eligibility criteria as prescribed in the Regulations.

## 2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. Prior to July 31, 1988, the NWT participated in the CSLP. In 1988, the NWT opted out of the CSLP and now receives an Alternative Payment, in accordance with section 14(4) of the *Canada Student Financial Assistance Act*.

At that time, a 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.

b) Expenses

Loans are granted to students and recorded as expenditures as eligibility criteria are met by students over their period of study.

c) Measurement Uncertainty

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

The more significant management estimate relates to the valuation allowances for loans receivable.

#### 4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	<u>2019</u>	<u>2019</u>
Allowance for Forgiveness – Remissible Loans	\$6,264	\$7,030
Allowance for Doubtful Accounts – Repayable Loans	11,171	9,806
<b>Total Allowance</b>	<b>\$17,435</b>	<b>\$16,836</b>

#### 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 Fund, credit risk is significant with respect to potential non-payment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable in the seventh month after graduation or discontinuation of study. The 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 1<sup>st</sup> for students whose loan becomes repayable during the course of that calendar year. Interest rates are set based upon the Bank of Canada Prime Business Rate (less one percentage point). This will be the student's interest rate for the duration of their repayment, except students who return to the NWT. Effective September 2015, students who return to the NWT they will be granted zero percent interest for the duration of their stay, with the original interest rate being reinstated if they leave the NWT. The interest rate is not adjusted in any other circumstances.

c) Liquidity Risk

Liquidity risk is the risk the 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.

## **8. Subsequent Events**

To support student loan borrowers during the COVID-19 pandemic, the Government of the Northwest Territories (GNWT) has announced that the repayment of all GNWT student loans will be suspended from April 1, 2020 to September 30, 2020 this includes suspension of any interest receivable.

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

2020

January 1, 2020

**Territorial Court Judges Registered Pension Plan Fund**

**Financial Statements**

**January 1, 2020**

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# Territorial Court Judges Registered Pension Plan Fund

## Financial Statements

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January 1, 2020

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## Management's Responsibility Statement

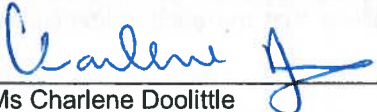
The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

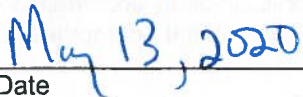
In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded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

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

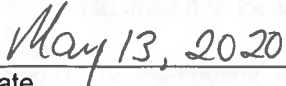
Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund

  
\_\_\_\_\_  
Ms Charlene Doolittle  
Deputy Minister, Department of Justice  
Government of the Northwest Territories,

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
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, 2020 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, 2020, 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.

#### *Emphasis of Matter*

We draw attention to Note 11 of the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. 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 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.

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

## 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.



Yellowknife, Northwest Territories  
May 11, 2020

Chartered Professional Accountants

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## Territorial Court Judges Registered Pension Plan Fund

### Statement of Financial Position

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As at January 1, 2020	2020	2019
<b>Assets</b>		
Contributions receivable - Members	\$ 5,605	\$ 4,122
Contributions receivable - Government of the Northwest Territories (note 3)	21,300	24,750
Investments (note 4)	6,700,541	6,000,012
<b>Total Assets</b>	<b>6,727,446</b>	<b>6,028,884</b>
<b>Liabilities</b>		
Pension benefits, refunds and transfers payable	-	5,385
Accounts payable and accrued liabilities	18,053	23,986
<b>Total Liabilities</b>	<b>18,053</b>	<b>29,371</b>
<b>Net Assets Available for Benefits</b>	<b>6,709,393</b>	<b>5,999,513</b>
<b>Pension obligations (Note 5)</b>	<b>7,266,400</b>	<b>7,896,156</b>
<b>Deficiency</b>		
<b>Pension Plan Fund Deficit</b>	<b>\$ (557,007)</b>	<b>\$ (1,896,643)</b>

Approved by:



Deputy Minister, Department of Justice,  
Government of the Northwest Territories

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## Territorial Court Judges Registered Pension Plan Fund

### Statement of Changes in Net Assets Available for Benefits

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For the year ended January 1, 2020	2020	2019
<b>Increase in assets:</b>		
Contributions - members	\$ 70,391	\$ 63,712
Contributions - sponsor (current service cost)	88,650	96,750
Current year change in fair value of investments	654,664	-
In-kind contributions - sponsor	35,427	-
Investment income	215,230	328,330
Net realized capital gains income	82,212	69,494
	<b>1,146,574</b>	<b>558,286</b>
<b>Decrease in assets:</b>		
Administrative expenses (Note 7)	91,460	76,080
Benefit payments - regular	345,234	279,850
Current year change in fair value of investments	-	547,054
	<b>436,694</b>	<b>902,984</b>
<b>Increase (decrease) in net assets available for benefits</b>	<b>709,880</b>	<b>(344,698)</b>
<b>Net assets available for benefits, beginning of year</b>	<b>5,999,513</b>	<b>6,344,211</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 6,709,393</b>	<b>\$ 5,999,513</b>
<b>Changes in pension plan fund deficit:</b>		
<b>Beginning of year</b>	<b>\$ (1,896,643)</b>	<b>\$ (1,242,595)</b>
Increase (decrease) in net assets available for benefits	709,880	(344,698)
Decrease (increase) in pension obligation	629,756	(309,350)
<b>Net change</b>	<b>1,339,636</b>	<b>(654,048)</b>
<b>End of year</b>	<b>\$ (557,007)</b>	<b>\$ (1,896,643)</b>

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## Territorial Court Judges Registered Pension Plan Fund

### Statement of Changes in Pension Obligations

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For the year ended January 1, 2020	2020	2019
<b>Increase (decrease) in pension obligations:</b>		
Interest accrued on benefits	\$ 335,500	\$ 307,800
Benefits accrued	227,700	281,400
Experience (gains) and losses	(847,722)	-
	<b>(284,522)</b>	<b>589,200</b>
<b>Decrease in pension obligations:</b>		
Benefits paid	<b>345,234</b>	<b>279,850</b>
<b>Increase (decrease) in pension obligation</b>	<b>(629,756)</b>	<b>309,350</b>
<b>Pension obligation, beginning of year</b>	<b>7,896,156</b>	<b>7,586,806</b>
<b>Pension obligation, end of year</b>	<b>\$ 7,266,400</b>	<b>\$ 7,896,156</b>

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# Territorial Court Judges Registered Pension Plan Fund

## Notes to Financial Statements

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January 1, 2020

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### 1. Description of plan

The following description of the Territorial Court Judges' Registered Pension Plan Fund ("Plan") is a summary only.

#### (a) General

The Plan is a contributory defined benefit pension plan which provides pension benefits for all Territorial Court Judges of the Northwest Territories. The Plan was established by the Judges' Registered Pension Plan Regulations under Section 32 of the *Territorial Court Act*. The Plan came into effect on February 1, 1994 and was a non-contributory plan until April 1, 1999 when it became contributory. 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.

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# Territorial Court Judges Registered Pension Plan Fund

## Notes to Financial Statements

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January 1, 2020

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### 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.



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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

---

January 1, 2020

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#### 2. Basis of presentation and summary of significant accounting policies (continued)

##### (b) Investments

Investments are recorded and measured at market value (fair value). Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits as a current year change in fair value of investments. Market value is determined by the Net Asset Value Per Unit as at December 31.

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) Employee and employer contributions

Contributions are recognized on an accrual basis during the period in which the employees wages and salaries are earned. Employer contributions consist of current service contributions and special payments required to fund the deficiency based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

##### (d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, 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

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.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2020

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#### 2. Basis of presentation and summary of significant accounting policies (continued)

##### (f) Financial instruments (continued)

The Plan subsequently measures its financial assets and financial liabilities, except investments, at amortized cost.

Financial assets measured at amortized cost include contributions receivable - members and contributions receivable GNWT.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, pension benefits, refunds and transfers payable.

Investments are measured at fair value.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

##### (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.

##### (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.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2020

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#### 3. Contribution receivable - GNWT

	2020	2019
Current service contributions	\$ 21,300	\$ 24,750

#### 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:

	2020	2019
Cash and cash equivalents	\$ 60,305	\$ 120,000
Canadian equities	1,387,012	1,824,004
Global equities	2,854,430	1,824,004
Fixed income funds	2,398,794	2,232,004
<b>Total market value of the investment portfolio</b>	<b>\$ 6,700,541</b>	<b>\$ 6,000,012</b>

The book value of the investments for the year ended January 1, 2020 is \$5,294,718 (2019 - \$5,248,818).

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.

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, 2019. The data and assumptions used for January 1st are the same as that used in the actuarial valuation as at April 1, 2019. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2020

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#### 5. Obligation for pension benefits (continued)

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2020	2019
Discount rate	4.80 %	4.10 %
Salary projection rate	3.00 %	3.50 %
Price inflation	2.00 %	2.00 %
Real rate of return	13.80 %	3.00 %

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, 2019 was completed in August 2019. The next actuarial valuation must be performed no later than April 1, 2022.

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, 2020.

#### 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, 2019, the Plan had a going concern unfunded liability in the amount of \$583,400 and excess assets of \$803,900 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, 2019, special funding payments are not required.

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2019. 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.

---

## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2020

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#### 6. Management of capital (continued)

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%

With exception to global equities, the investments as at January 1, 2020 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.

	2020	2019
Actuarial fees	\$ 24,374	\$ 6,350
Audit	4,703	4,703
Investment management	36,573	39,008
Trustee and custodial fees	25,810	26,019
	<b>\$ 91,460</b>	<b>\$ 76,080</b>

#### 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 Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent of which is discussed below:

##### *Credit risk*

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Fund is exposed to credit risk through its investments in fixed-income securities.

---

## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2020

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#### 8. Risk Management (continued)

The Fund'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 Fund is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. These principally include fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates.

The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole.

Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Fund and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

As of January 1, 2020 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 2.5% (2019 - 2.7%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

##### *Currency risk*

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies have underlying foreign currency exposure.

The Fund 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, 2020 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 2.1% (2019 - 1.5%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

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# Territorial Court Judges Registered Pension Plan Fund

## Notes to Financial Statements

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January 1, 2020

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### 8. Risk Management (continued)

#### *Market risk*

Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

#### *Price risk*

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The fund is exposed to other price risk through its holdings in equities.

As of January 1, 2020 had the S&P TSX Capped Composite Index 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 .5% (2019 - .5%). 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 Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable and Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.

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 GNWT, as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments with any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentration of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

### 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.

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## Territorial Court Judges Registered Pension Plan Fund

### Notes to Financial Statements

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January 1, 2020

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#### 9. Fair value measurement (continued)

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 2 financial instruments.

#### 10. Related party transactions

The Plan receives certain administrative services from the GNWT Departments of Justice and Finance at no charge.

#### 11. Subsequent event

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, territorial and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Pension Plan. It is expected that fair value of the investments will be negatively impact but the extent is undeterminable.





# Public Accounts 2019-2020

## Section IV: Supplementary Financial Statements--Boards



Government of  
Northwest Territories

**PUBLIC ACCOUNTS**  
**OF THE**  
**GOVERNMENT OF THE NORTHWEST TERRITORIES**  
**FOR THE YEAR ENDED MARCH 31, 2020**

**SECTION IV**  
**SUPPLEMENTARY FINANCIAL STATEMENTS**  
**BOARDS**

**HONOURABLE CAROLINE WAWZONEK**  
**Minister of Finance**

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

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Commission scolaire francophone Territoires du Nord-Ouest  
Dehcho Divisional Education Council  
Dettah District Education Authority  
N'Dilo District Education Authority  
Sahtu Divisional Education Council  
South Slave Divisional Education Council  
Yellowknife Public Denominational District Education Authority (Yellowknife  
Catholic Schools)  
Yellowknife District No. 1 Education Authority  
Tlicho Community Services Agency

**Health and Social Services Authorities**

Hay River Health and Social Services Authority  
Northwest Territories Health and Social Services Authority

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**BEAUFORT-DELTA EDUCATION COUNCIL  
INUVIK, NT  
CONSOLIDATED ANNUAL FINANCIAL REPORT  
June 30, 2019**

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## Message from Superintendent of Schools Frank Galway

On behalf of the Beaufort Delta Divisional Education Council (BDDEC), I am pleased to present the Annual Report for 2018 - 2019. The Management Discussion and Analysis (MD&A) is presented as a go-forward responsibility of the management and the Board Members to promote transparency and accountability.

### BDDEC's goals defined in the 2019 - 2020 Operating Plan

- To improve student success in Literacy
- To improve student success in Numeracy
- To improve student success in Indigenous Language(s) and Culture
- To increase understanding and practice of Social Responsibility of students

This approach will enable BDDEC to state the progress that the organization has made and will highlight areas where improvement is needed. Some of the key accomplishments in 2018 - 2019 include:

- Continued partnership with the Gwich'in Tribal Council (GTC) on a course presented at the middle years to reflect the Gwich'in culture and history.
- Partnership with the Inuvialuit Regional Corporation (IRC). The IRC continues to support to Inclusive schooling with Educational Psychologist visits.
- Inclusive Schooling was one area of improvement with the addition of 53 Support Assistants in the district in the 2018 – 2019 year thanks to funding made available with the Jordan's Principle Program.
- Northern Distance learning statistics show continual improvement and show that the service has been utilized for those students in small schools that want dash one courses. The program experienced an 83 % credit completion rate as of Semester One in 2018 – 2019. Due to the success of the program. The program with ECE's financial contribution expand to additional schools throughout the NWT in the 2019 – 2020 year.
- Actua (InSTEM) in partnership with BDDEC delivered customized, community-based STEM education programs throughout the 2018 – 2019 for our communities. The plan is to continue the program into the 2019 – 2020 year.
- BDDEC welcomes IRC's initiative to hire candidates referred to as "Student and Family Support Workers" who are working in the communities of Inuvik, Aklavik, Tuktoyaktuk, Ulukhaktok, Paulatuk and Sachs Harbour. The Student and Family Support Workers will work with students (with parental approval) to improve student success by addressing attendance concerns and other matters.
- Governance Training was provided November 2018 for DEA members in Aklavik, Fort McPherson, Ulukhaktok, Tuktoyaktuk and Inuvik.
- A standardized template for the Operating Plan and the Annual Report are being submitted to ECE as requested in 2018. Format continues to develop to highlight certain aspects of BDDEC goals and performance.
- BDDEC continues to focus on literacy and numeracy initiatives to improve teacher practices and development with a focus on student achievement.

- BDDEC continues to provide the Access to High School Education program formerly known as the 'Home Boarding Program'. This program provides academic, behavioral and financial support for students who do not have access to high school courses in their communities. Students are from Sachs Harbour and Tsiigehtchic. Students are enrolled in school at East Three Secondary School in Inuvik or Chief Julius in Fort McPherson
- For the 2018 – 2019 year BDDEC has adopted the new Aboriginal Language and Culture directive from ECE. As directed by ECE funding for the Elders in the School program and Cultural Orientation funding has been provided directly to the School's operating budget.
- The 8<sup>th</sup> Annual Northern Dene Games Summit was held March 6 – 9 2019 in Inuvik bringing students from each community for the 4 day competition.
- Staff changes include the appointment of Paul Loewen and Devin Roberts as Assistant Superintendents.

The world of education is changing globally, nationally and territorially. The Beaufort Delta Education Council (BDDEC) recognizes the importance of embracing these changes to prepare northern students for participation in a 21<sup>st</sup> century economy. There is a significant achievement gap between Aboriginal students and non-Aboriginal students. BDDEC is committed to addressing this achievement gap. Research indicates that culture-based educational strategies impact student outcomes. With the increased focus on indigenizing education, BDDEC will continue to ensure teaching and learning is done in context and more and more meaningful to the students it serves.

## **Overview**

The Beaufort Delta Divisional Education Council (BDDEC) for the 2018 – 2019 year provides Junior Kindergarten to Grade 12 instruction for 1,469 students through 9 schools in the in 8 communities of Inuvik, Aklavik, Fort McPherson, Tsiigehtchic, Tuktoyaktuk, Sachs Harbour, Ulukhaktok, and Paulatuk.

Sachs Harbour and Tsiigehtchic offer education from Junior Kindergarten to Grade 9 at which time the Access to Education program makes arrangements for the students to live in Fort McPherson or Inuvik for full time attendance of high school to complete Grades 10 – 12. The program encourages students to become role models for other students in their communities. The Access to Education program accomplishes this by ensuring that the students have regular visits with their families, regular trips home, and provides assistance for the family to attend the graduation of their children from High School.

BDDEC is committed to delivery of culture-based education to the students and receives extensive support for various programs from the Gwich'in Tribal Council (GTC) and the Inuvialuit Regional Corporation (IRC). Both GTC and IRC are actively involved in helping to develop on the land programs, and additional support was received from ITI for the Take a Kid Hunting and Take a Kid Trapping programs. All of the schools provide Aboriginal Language and Culture programs which encourages students to succeed through a better understanding and awareness of their culture and language.

## **BDDEC Board of Directors**

The BDDEC Board of Directors are appointed by the DEA's from the local communities. Both Gwich'in Tribal Council and the Inuvialuit Regional Corporation have the authority to appoint one position (each) on the BDDEC Board. DEA positions are elected in the local communities and serve for a three year term. The BDDEC Board had one face-to-face meeting, and two video conference meetings during the 2018 – 2019 year.

Chairperson	Darelene Gruben
Vice-Chairperson	Lorna Storr
Member-at-Large	Rebecca Blake
Aklavik	Lorna Storr
Fort McPherson	Athena Prodromidis
Inuvik	Jennifer Perrott
Paulatuk	Gilbert Thrasher Sr
Sachs Harbour	Andrea Keogak
Tsiigehtchic	Archie Inglangasuk JF
Tuktoyaktuk	Darlene Gruben
Ulukhaktok	Joanne Ogina
Gwich'in Tribal Council	Jordan Peterson
Inuvialuit Regional Corporation	Lucy Kuptana

The Executive Committee consists of the Chairperson, the Vice-Chairperson, the Member-at-Large which are elected by the BDDEC Board, and the two appointed positions from GTC and IRC. The Executive Committee meets monthly with the BDDEC Board Office Staff.

### **BDDEC Staff**

Superintendent of Schools	Frank Galway
Assistant Superintendent	Paul Loewen
Assistant Superintendent	Devin Roberts
Comptroller	Gary McBride
Public Affairs Coordinator	Lisa Steen
LAN Manager	Michael Reardon
Technical Officer	Dylan Blais
Finance Officers	Ken Crocker
	Kurt Scheiwiller
	Sheena Snowshoe
Administrative Assistant	Loni Noksana-Ruben

### **Consultants**

Data Analysis	Tara Gilmour
eLearning (Northern Distance Learning)	William Logan
Inclusive Schooling	Dr. Jane Khaemba/Any Briggs
Indigenous Languages	Velma Illasiak
Literacy Coordinator k-12	Julie Donahue-Kpolugbo/Raychel Rose

Math Science  
PowerSchool

Adam Wright  
Lorna Jones-Martin

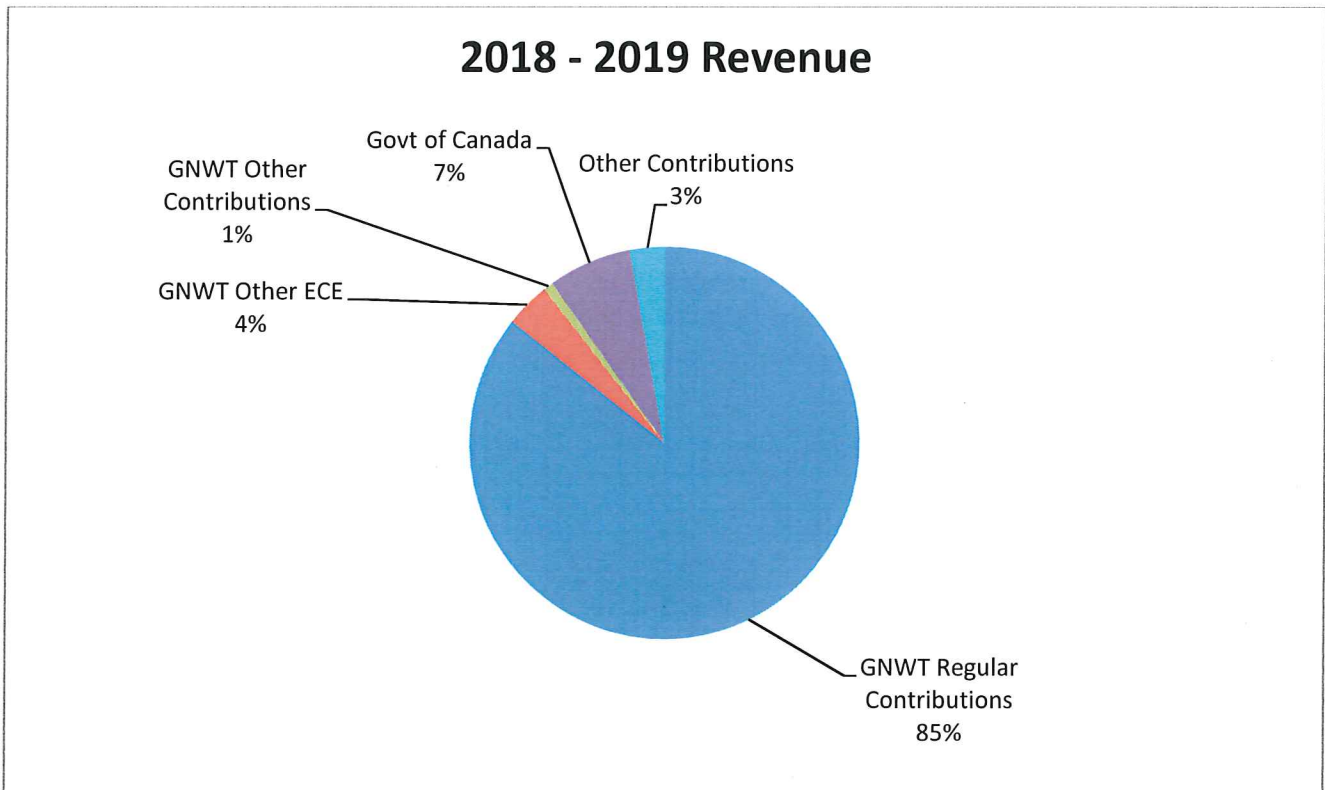
**Principals**

Angik – Paulatuk  
Chief Julius – Fort McPherson  
Chief Paul Nitidchie – Tsiighetchic  
Helen Kalvak – Uluhaktok  
Inualthuyak – Sachs Harbour  
Mangilaluk – Tuktoyaktuk  
Moose Ker School – Aklavik  
East Three Elementary – Inuvik  
East Three Secondary – Inuvik

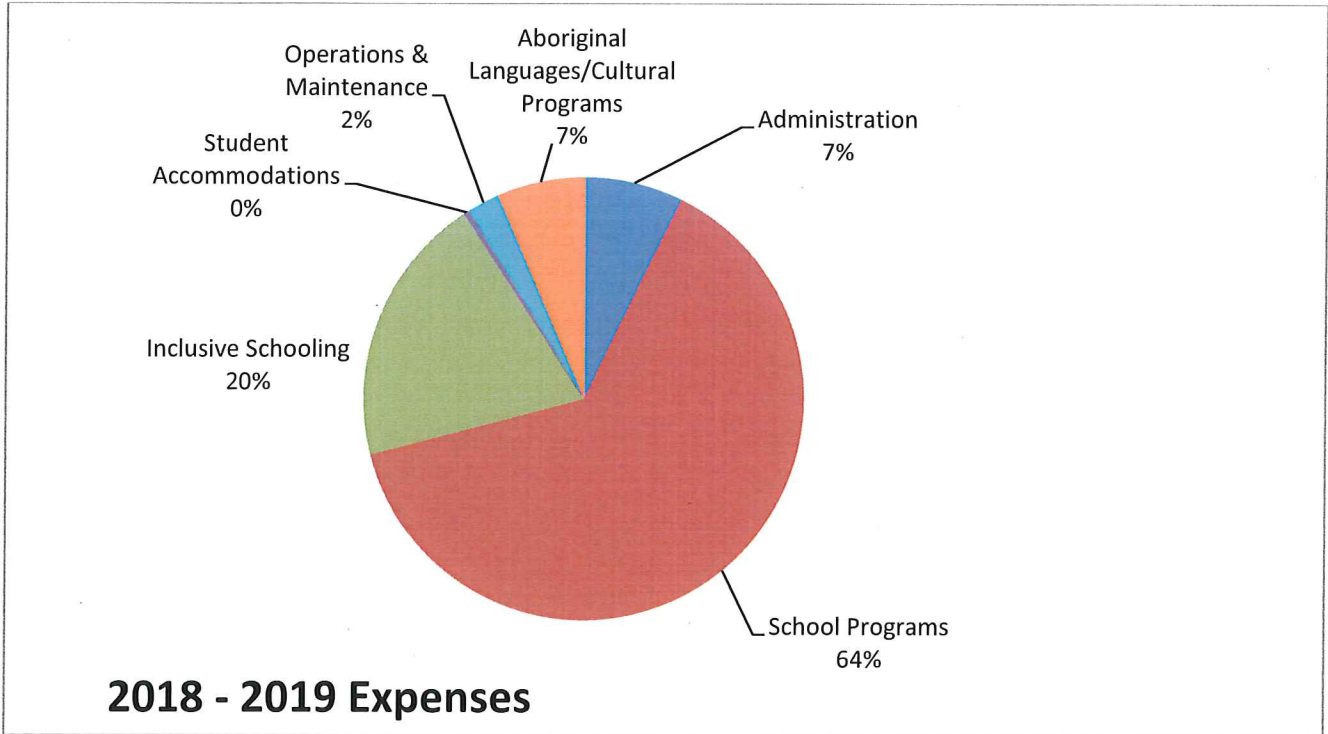
William Callahan  
Shirley Peterson  
Sonia Gregory  
Richard McKinnon  
Stephen Keoughan  
Krista Cudmore  
Vivian Wirth  
Elizabeth McNeil  
Gene Jenks

**Financial Highlights**

Revenues for 2018 – 2019 of \$35.1 million were \$3.3 million higher than budgeted. GNWT regular contributions accounted for a 86% of the revenue at \$30.1 million an increase of \$1.1 million from 2017 - 2018 year. Other contribution agreements from the GNWT brought the total GNWT contributions to \$31.7 million; which is an increase of \$872.0 K from the 2017 – 2018 year. Total revenues of \$35.1 million were an increase of \$3.5 million from the 2017-2018 year. Funding from the Government of Canada under the Jordan’s Principle program accounted for \$2.4 million.



Expenses are broken into program cost; school programs accounted for 64% of cost at \$23.2 million, Inclusive schooling for 20% of cost at \$7.2 million. Total expenses at \$36.3 million were \$3.6 million greater than 2017 - 2018, and \$3.11 million greater than the 2018-2019 Budget.

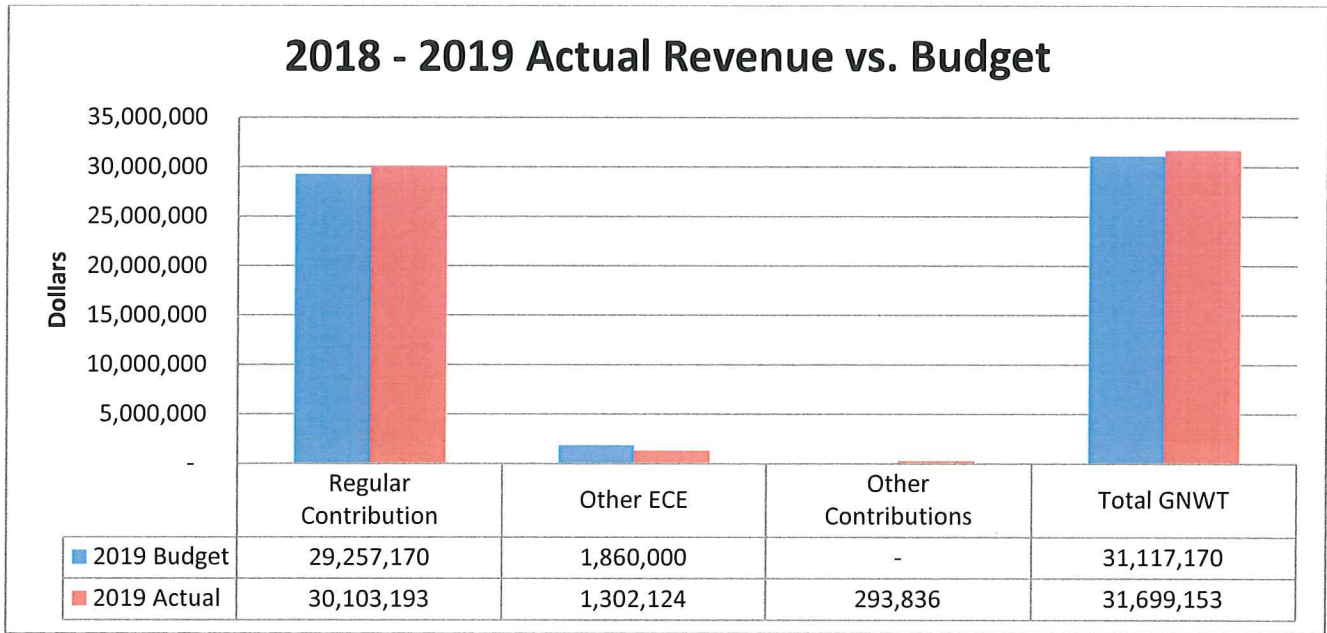


### 2018 – 2019 Revenues

For 2018 - 2019 BDDEC Consolidated Statement of Operations had an Operating Deficit of \$1.2 million compared to a budgeted deficit of \$1.4 million.

The DEA's and BDDEC continue to form strategic partnerships, and are successful in finding additional sources of funding for school activities.

Chart 1 displays our 2018 – 2019 Actual Revenues compared to the budgeted revenue.



### 2018 – 2019 Expenses

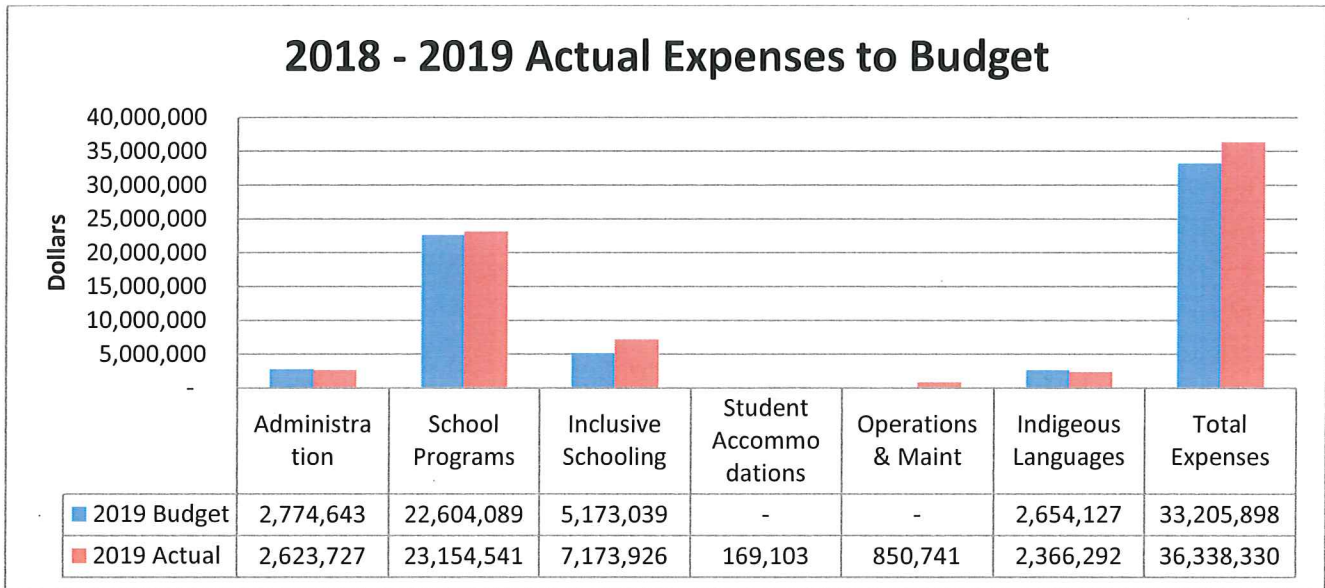
Expenses for the year-end June 2019 were \$3.1 million more than the budget of \$33.2 million for a total cost of \$36.3 million. This represents a \$3.6 million increase in expenditures from 2018 -2019, or a 10.9% increase in spending from previous year.

Inclusive schooling had expenses of 7.2 million representing an increase in spending from the 2017 - 2018 year of \$1.6 million. A significant portion of the increase was due to increase staff funded through the Jordan’s Principle program.

Indigenous Languages had expenses of \$2.4 million; which represents a decrease of expenditures of \$843 K from the 2017 – 2018 year.



Chart 2 is a program comparison of our expenses for 2018-2019 compared to the budgeted expenses.



When comparing 2019 against 2018, BDDEC experienced a 11.1% increase in revenues, and an increase in expenses of 10.9% resulting in an operating deficit of \$1,2 million. Operating deficit for 2018 was \$1.2 million. This leave an accumulated surplus of \$1.2 million or 3.5% of revenues.

Chart 3 is a comparison of the Year-end 2019 GNWT Revenues compared to the 2018 Revenues

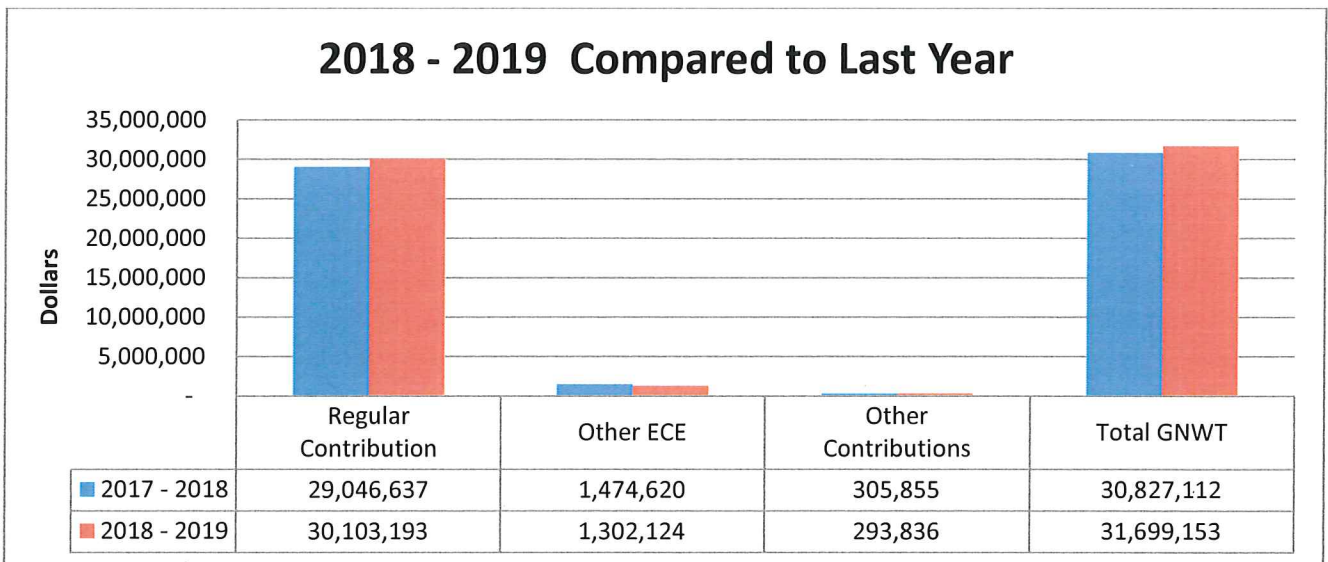
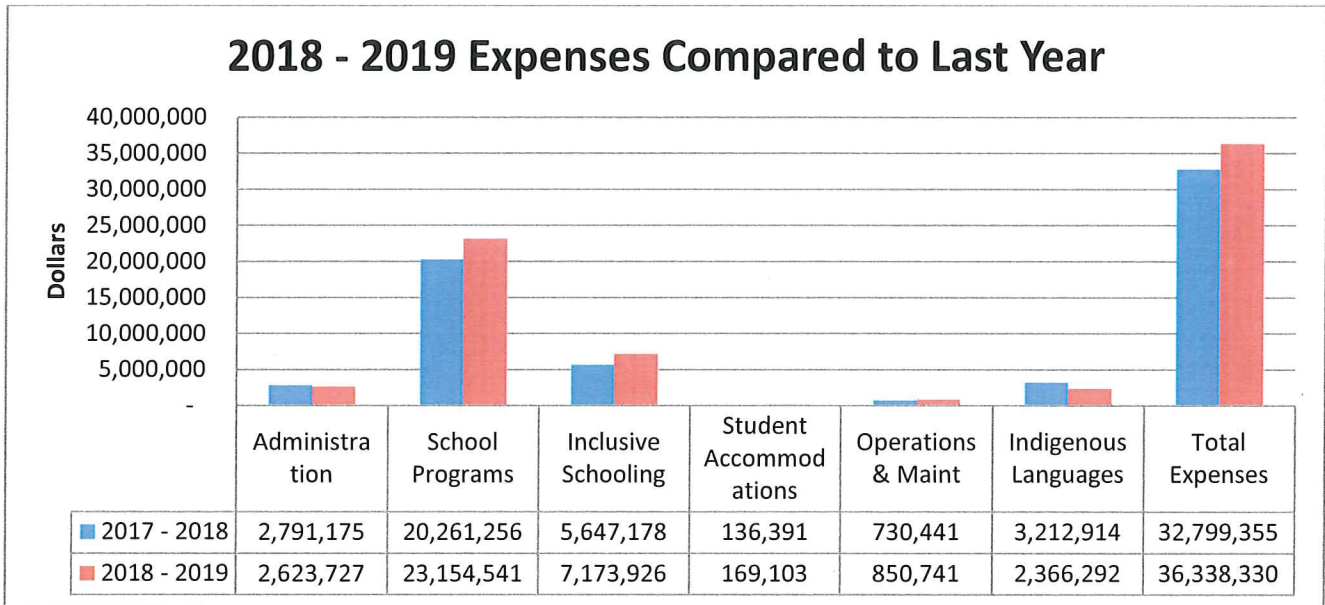


Chart 4 compares the 2019 Program Expenses against to the 2018 Program Expenses.



The plan for the 2018 – 2019 year was to reduce the Accumulated Surplus in stages to reach the recommended level of Accumulated Surplus of 7%. The focus continued to be providing better coaching, training and additional staff to meet the needs of the students. The Operating Deficit of \$1,2 million reduced the Accumulated Surplus from \$2.4 million to \$1.2 million.

The strength of the organization is the commitment of the staff working for the Beaufort Delta Divisional Education Council, and their dedication to the students in our area. The weakness of the organization is the remoteness of some of the schools, the distance between the schools and the high turnover of the staff. Each year represents a major recruiting drive to replace approximately 20% - 30% of the teaching staff. Student attendance remains a high concern, and many initiatives have been implemented to increase the student’s attendance in the schools.

Student and Teacher population for each school as of June year-end \*

Community	School	2019 Students	2019 Teachers	2018 Students	2018 Teachers
Aklavik	Moose Kerr	128.00	13.00	115.00	12.00
Fort McPherson	Chief Julius	141.00	16.00	143.25	14.00
Inuvik	East 3 Elem	451.00	38.00	424.50	31.25
Inuvik	East 3 Second	275.80	28.00	267.50	23.50
Inuvik DEA	Subtotal	726.80	66.00	691.00	54.75
Paulatuk	Angik	59.50	7.00	50.75	7.00
Sachs Harbour	Inualthuyak	16.00	2.50	16.00	1.50
Tsiigehtchic	Chief Paul Niditchie	40.00	5.75	41.50	4.50
Tuktoyaktuk	Mangilaluk	237.50	21.00	217.50	19.00



Ulukhaktok	Helen Kalvak	121.00	10.50	117.50	11.00
Total		1469.80	141.75	1393.50	123.75

**Note:** \*Teachers included NWTTA members who are classroom teachers, principals, assistant principals, program support teachers, wellness counsellors, indigenous language teachers, literacy coaches, etc.

## Operating Environment

BDDEC operates in a remote part of the Northwest Territories and as result has some unique circumstances.

### Strengths

- Each school has a Safe and Caring School Program
- Each school has procedure manuals, and practices lock down procedures on a regular basis
- Each school has staff that have completed first aid training
- Breakfast programs supplied at all schools
- Each school operating an On the Land Program is in possession of or in the process of getting Satellite phones in the event of an emergency
- Staff are well trained and supported in additional training
- Many of the Administration staff are long-term employees giving stability to the organization

### Weakness

- Travel to remote communities by air and road, the concern has been addressed by having three well maintained vehicles equipped with Satellite phones for remote travel. Air travel is approved only with approved air carriers. Additional issues are the aircraft fuel availability at several of our remote communities, this adds to the difficulty in travel to the communities.
- Student attendance, each community is working on programs unique to the community to raise community awareness of the importance of attendance and to encourage students to attend

### Threats

- Staff housing continues to be an issue in several of the communities, management is working with NWT Housing to ensure that housing will be available for teachers when they arrive
- High turnover of staff continues, management is getting involved in recruiting much earlier in the year knowing that there will be positions available

### Opportunities

- Many staff including management are long-term employees of BDDEC, this give the school council a base to build upon in mentoring new teachers
- An active mentoring program for new teachers
- Introduction for new teachers in a New to the North Conference which identifies the cultural difference and differences working in the North
- BDDEC host an in-service for returning staff each year to provide additional support, training, and outline objectives for our region before school starts

## **The Mary Bryant Award for Improvement in English (Award)**

A joint venture between the Beaufort Delta Education Council, (BDDEC) the Mary and Joe Bryant family (Family) and the Ottawa Independent Writers (OIW): “the Parties”, wish to establish a fund to be known as the “Mary Bryant Award for Student Improvement in English”. The fund shall consist of a principal amount, to be determined, and interest earned and accrued on such principal amount. Additional contributions may be received by BDDEC from individual donors to the fund in future years. Such contributions shall be added to the principal amount. The fund is currently administrated by the Ottawa Independent Writers in combination with other funds administrated through the organization.

### **Background**

Ottawa resident Mary Bryant, now deceased, spent many years working in the North, and taught school in Aklavik. She was an avid writer and long-time member of the Ottawa Independent Writers organization ([www.oiw.ca](http://www.oiw.ca)). Upon her passing in spring 2011, the OIW Board felt that an appropriate tribute to her amazing life would be an award to a deserving student within the BDDEC, with emphasis on English skills. The idea was proposed to the Family and the BDDEC, and was met with great enthusiasm. This paper sets out the proposed operation and other issues pertaining to the Award.

### **Concept**

OIW, the Family and other interested parties will contribute to the Award, to be managed by the BDDEC. It will be set up as an endowment, with the principal to be invested and the annual award to be paid from interest earned, although the initial award, hopefully given in 2012, and some incidental set-up expenses may be drawn from the principal as there will be little time available for interest earning. The Family will act as financial advisors to BDDEC, to ensure the Award will be available for a deserving student for many years to come. The Award is intended to be a yearly event, unless for some reason no student qualifies for the criteria established by the BDDEC.

The Parties agree that they will act collegially on the ongoing management of the Award. OIW commits to an initial contribution of \$1000, the Family to at least \$2000, and OIW will solicit additional contributions from persons familiar with Mary. BDDEC will issue tax receipts to those contributors who indicate a desire for same.

### **The Award Recipient**

The Award is intended for a high school student within the BDDEC jurisdiction, with particular emphasis, but not necessarily to the exclusion of other areas, on the regions of Aklavik, Tuktoyaktuk, and Fort McPherson, as these communities had special interest to Mary. The BDDEC will set up the selection process as it sees fit: the Award is intended for a high school student who has shown the most improvement in written English skills during the school year. BDDEC will develop the specific criteria to be used to select the winning student, and advise the other Parties of the winner and the reasons for choosing that student. The Award will be presented in a suitable ceremony near the end of the school year. The other Parties will attempt to take part in the ceremony in some electronic fashion if possible. The Award is independent of any other honors the recipient may receive. The recipient will receive a

cheque for the designated amount, as determined by the BDDEC and the Family, plus a small token of remembrance he or she may keep. There will also be a modest plaque or similar item created by the BDDEC that will identify the Award, and each year's recipient; the enduring plaque will rotate from school to school on an annual basis as winners are selected. While the student may use the Award in whatever manner he or she wishes, OIW and the Family would prefer that it be used in some way that advances the student's educational career.

The Award is open to all high school students attending a school within BDDEC's jurisdiction and shall be granted to the student who shows the most improvement in English studies throughout the school year. The Award is intended to be a yearly event, unless for some reason no student qualifies for the criteria established by BDDEC.

Criteria used to determine the recipient of the award shall be developed by BDDEC, in consultation with the Parties. The Parties and BDDEC agree to act collegially on the ongoing management of the fund/Award.

In the event that unforeseen circumstances make the specified use of this Fund no longer practical or desirable, BDDEC is hereby authorized to make any changes it may deem appropriate, such changes however to be in keeping, as far as possible, with the spirit and general intent of the fund and with agreement of the Parties.

No Award was given for the Mary Bryant Award for the 2018 – 2019 year.

## **Stallworthy-Carpenter Fund**

Sarah Hilda Stallworthy was the widow of an RCMP officer who served the NWT during the 1940s. Mrs. Stallworthy had never been to the NWT, but maintained an interest in its development and was concerned about the difficulties she believed indigenous children faced in higher education.

The Superintendent of the BDDEC was able to describe for Mrs. Stallworthy an initiative the Board would be taking over the next few years to ease the transition for indigenous students from small communities as they are brought into the high school in Inuvik.

Mrs. Stallworthy felt that this plan has significant merit, and in April 1990 made the Beaufort-Delta Board the beneficiary of her estate.

Mrs. Stallworthy passed away in August 1990. The estate of approximately \$215,000 will be held in trust with the annual interest to be used at the discretion of the Superintendent to further the secondary education of indigenous students within the Board. The fund has been designated by the Board the Harry Stallworthy/Noah Carpenter fund. Mr. Stallworthy developed his wife's enduring interest in the north.

Dr. Carpenter is the first Inuit doctor, the only Inuvialuit specialist surgeon to emerge from the Northwest Territories, and is known for the development of surgical techniques. He attended a residential school, and in 1963 graduated from high school in Inuvik. He has a Honorary Doctor of Law from the University of Calgary, was appointed a Citizen Ambassador to China in 1987 and is a member of the Native Physicians Association of Canada, the Canadian College of Health Service Executives, the Science Institute of the NWT, the Canada Science Council, and the International Society of Endovascular Surgeons. He has been an inspiration to many northerners.

The Stallworthy will stated that BDDEC should receive this money with the provision that the principal remain intact and all interest earned to be used to fund aboriginal students for activities in keeping with the intent of the Will.

Initially, the intent of the Will was to fund orientation visits for students who would be attending high school outside of their community. After our regional residence closed, the BDDEC Executive broadened the scope to include activities for more senior students to travel nationally and internationally. Such travel must contain some element that supports or promotes the post-secondary education and/or success in school. Travel for sport activities is NOT eligible.

In 2004 - 2005 the BDDEC executive decided to allocate to a maximum of \$2K/eligible school. This was raised to \$2.5K/eligible school in 2011/12. Meritorious proposals are presented to the Executive each spring for the ensuing school year.

## **Terry Halifax Fund**

Terry Halifax was a Town of Inuvik Councillor who passed away suddenly after a town council meeting in 2015. First elected to the town council in 2004; he served as the Chair of the community Energy Planning Committee and the Administration Committee. He was known for not holding back in expressing what he felt was the best interest of the Town and its residents. And as such he was well known through his work with community projects, volunteerism and school involvement.

In recognition of Terry Halifax's commitment to the community, the Terry Halifax Bursary will be awarded annually to the high school student who exemplifies what it means to be a capable citizen through community, school involvement, volunteerism and leadership.

Starting in 2019, the school administration will recommend a recipient after consultations with staff to the Superintendent of Schools. The selection will be made no later than mid-May with the bursary to be presented during the graduation ceremony in early June. Annual award will be \$500.

It is the desire of the Bursary Committee to present the award to a graduating students, but any student that best exemplifies being a capable citizen will be considered.

The award was issued to Leslie Kisoun in the 2018 – 2019 year.

## 2018 - 2019 Long Term Service Awards

The Beaufort Delta Education Council believes that our successes come from the dedication of staff in each of our communities. Even with the challenge of high staff turn-over each year, there continues to be a group of dedicated long-term staff working for BDDEC. In recognition of their dedication each year BDDEC recognizes the contribution of our long term staff with long term service awards. For the 2018 – 2019 year the following individual were recognized by the management team.

Community	Name	Service Years
Aklavik	Lisa Schachtschneider	5
	Margaret McLeod	45
Fort McPherson	Dawit Tsehaye	10
	Betty Vittrekwa-Firth	15
	Stanley Snowshoe	15
	Gladys Alexie	15
	Leslie Philip Blake	25
Inuvik	Shoneen Clark	5
	Josie McConnell	5
	Annie Smith	5
	Nadine Wagner	10
	Patricia MacAulay	10
	Sharla Greenland	10
	Donna Johns	10
	Stephanie Moses	15
	Gene Jenks	15
	Denise Ritias	20
Victoria Bodnar	20	
Michael Heath Israel	30	
Tuktoyaktuk	Michele Tomasino	5
	Jenny Jacobson	10
	Ida Thrasher	20
Ulukhaktok	Heather Pearl Kitekudlak	10
	Richard McKinnon	10
	Gary Okheena	10
	Sarah Kuptana	15

## **Accomplishments**

The Beaufort Delta Education Council is proud of the gifted educators that work in our school district. Countless hours are put in by many of the staff to maintain excellence in education for our communities. The following staff have been recognized and received the following awards.

2019

Velma Illasiak was awarded the Premier's Award for Excellence  
Moose Kerr School received the Premier's Award for Collaboration for their Student Success Initiative

2018

Chris Gilmour Minsters Choice Award inducted to the NWT Educators Hall of Fame  
Bella Kay inducted to the NWT Educators Hall of Fame

Chirs Gilmour and Tara Gilmour recognized by the NWTTA for Teaching Excellence

Lorna Jones-Martin presented the Cliff King Award by the NWTTA

Jennifer Giffin from the Angik School located in Paulatuk received the following award:  
2018 NAPEG Science Teaching Award

2017

Erica Thompson from the Chief Paul Niditchie located in Tsiigehtchic received the following awards:

Prime Minister's Award Certificate of Excellence (2017)  
Premier's Award for Excellence (2017)

Alexandra Winchester from the East Three Secondary School located in Inuvik received the following award:

Prime Minister's Award Certificate of Achievement (2017)

Ephraim Warren from the Mangilaluk School located in Tuktoyaktuk received the following award:

NAPEG Science Teaching Award (2017)

Annie Felix from the Mangilaluk School located in Tuktoyaktuk received the following award:  
NWT Education Hall of Fame Inductee (2017)

## **Summary and Outlook**

BDDEC has completed a most successful year: culturally scholastically and financially. Many of the communities have introduced community specific programs which encourages attendance. This year resulted in a number of graduate looking to further their education through advanced schooling.

Attendance continues to be a major concern. The schools are constantly reviewing and looking for better ways to engage the students and their parents in encouraging attendance. With our hiring program this year we were pleased to offer positions to a number of our former graduates. These individuals have become role models for our students as to what they can accomplish, and that they can bring their education back to their community to help others.

Financially we have managed to accumulate a surplus through effective cost controls, forming partnerships with other groups, and through the efforts of staff to bring forward ideas where we have been funded with additional contribution agreements.

For the 2018 – 2019 year a substantial amount of funding was received through the contribution agreement with the Government of Canada with the Jordan's Principle program. This helped to fund 53 additional Support Assistants in the schools. Latest discussions indicate that this program will continue in some form for at least another 3 years which will help to provide additional staffing to support the development of students.

Looking forward, there is a concern about the potential for reduced funding. BDDEC is well positioned financially and looking forward to 2019 – 2020 year and has identified areas where additional staffing will result in better services to our students, so reallocation of staff and increased staffing planned will continue into the 2019 – 2020 year. Our staff continues to look for opportunities to deliver education in an effective and efficient manner. The opportunities are forming education partnerships, eLearning, and new approaches to education. Staff continue to develop skill sets through attendance at conferences, and a number of staff continue to upgrade their skill set to become better at their positions. With this dedication, even with the possibility of reduced funding we believe the future is bright for the students of the Beaufort Delta.



## MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Minister of Education, Culture and Employment  
Government of the Northwest Territories

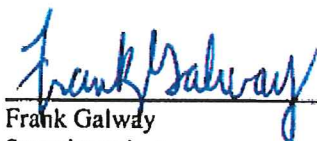
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Beaufort-Delta Education Council have been conducted within the statutory powers of the Beaufort-Delta Education Council. The operations and administration of the Beaufort-Delta Education Council as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Beaufort-Delta Education Council Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors, Avery Cooper & Co. Ltd., Chartered Professional Accountants, annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Beaufort-Delta Education Council



Frank Galway  
Superintendent  
August 30, 2019



Gary McBride  
Comptroller



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## INDEPENDENT AUDITORS' REPORT

To the Minister of Education, Culture and Employment  
Government of the Northwest Territories

*Report on the Audit of the Consolidated Financial Statements*

### *Qualified Opinion*

We have audited the accompanying consolidated financial statements of Beaufort-Delta Education Council which comprise the Consolidated Statement of Financial Position as at June 30, 2019 and the Consolidated Statements of Changes in Net Financial Assets (Debt), Statement of Operations and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Beaufort-Delta Education Council as at June 30, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

Salaries and related benefits paid to employees of the Beaufort-Delta Education Council 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 expenditures and related balances. Accordingly we are not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources and accumulated surplus/deficit as well as note disclosures associated with transactions and year-end balances relating to compensation and benefits.

### *Other matter*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Beaufort-Delta Education Council taken as a whole. The supplementary information included on various schedules is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

### *Other Information*

Management is responsible for the other information. the other information comprises the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and 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.

## INDEPENDENT AUDITORS' REPORT - cont'd.

We obtained the management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 these financial statements in accordance with Canadian public sector accounting standards and the 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.

Those charged with governance are responsible for overseeing the '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 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 '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 '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 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.

**INDEPENDENT AUDITORS' REPORT - cont'd.**

*Report on Other Legal and Regulatory Requirements*

We further report, in accordance with the Education Act's requirement for the Education Authority to comply with the Financial Administration Act, in our opinion, proper books of account have been kept by the Beaufort-Delta Education Council, the consolidated financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Council.

*Avery Cooper & Co. Ltd.*

AVERY COOPER & CO. LTD.  
Chartered Professional Accountants  
Yellowknife, NT



**BEAUFORT-DELTA EDUCATION COUNCIL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 June 30, 2019

Statement I

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents (Note 2)	\$ 10,888,953	\$ 9,337,506
Restricted Assets (Note 6)	282,511	282,334
Accounts Receivable (Note 8)	<u>281,116</u>	<u>376,801</u>
	<u>11,452,580</u>	<u>9,996,641</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 10)	976,589	960,634
Payroll Liabilities (Note 10)	4,906,250	3,099,472
Employee Deductions Payable	1,986	2,586
Deferred Revenue (Note 11)	1,260,679	133,888
Post-Employment Benefits (Note 17)	2,808,281	3,083,496
Trust Liabilities (Note 6)	<u>282,511</u>	<u>282,334</u>
	<u>10,236,296</u>	<u>7,562,410</u>
<b>NET FINANCIAL ASSETS (Statement III)</b>	<u>1,216,284</u>	<u>2,434,231</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid Expenses (Note 20)	<u>4,516</u>	<u>8,181</u>
	<u>4,516</u>	<u>8,181</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,220,800</u>	<u>\$ 2,442,412</u>

Approved:

Frank Galway Superintendent

[Signature] Council Member

Darlene Autsen Chair BOEC

See the accompanying notes and schedules.

**BEAUFORT-DELTA EDUCATION COUNCIL**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2019

**Statement II**

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
<b>Government of the NWT</b>			
Regular contributions	\$ 29,257,170	\$ 30,103,193	\$ 29,046,637
Other ECE contributions (Note 31)	1,860,000	1,302,124	1,474,620
Other contributions (Note 32)	<u>-</u>	<u>293,836</u>	<u>305,855</u>
<b>Total Government of the NWT</b>	<u>31,117,170</u>	<u>31,699,153</u>	<u>30,827,112</u>
<b>Government of Canada</b>			
Jordan Prinicpal	-	2,387,257	-
Other Government of Canada	<u>-</u>	<u>47,035</u>	<u>41,787</u>
<b>Total Government of Canada</b>	<u>-</u>	<u>2,434,292</u>	<u>41,787</u>
<b>Board Generated Funds</b>			
Investment Income	110,000	162,271	129,169
Rentals	-	6,234	6,308
Other	<u>593,158</u>	<u>814,768</u>	<u>610,641</u>
<b>Total Board Generated Funds</b>	<u>703,158</u>	<u>983,273</u>	<u>746,118</u>
<b>TOTAL REVENUE</b>	<u>31,820,328</u>	<u>35,116,718</u>	<u>31,615,017</u>
<b>EXPENSES (Schedule 1)</b>			
Aboriginal Languages/Cultural Programs	2,654,127	2,366,292	3,209,003
Administration	2,774,643	2,623,727	2,791,175
Inclusive Schooling	5,173,039	7,173,926	5,615,293
School Programs	22,604,089	23,154,541	20,297,052
Student Accommodations	-	169,103	136,391
Operations & Maintenance	<u>-</u>	<u>850,741</u>	<u>730,441</u>
<b>TOTAL EXPENSES</b>	<u>33,205,898</u>	<u>36,338,330</u>	<u>32,779,355</u>
<b>OPERATING DEFICIT</b>	<u>\$ (1,385,570)</u>	<u>\$ (1,221,612)</u>	<u>\$ (1,164,338)</u>

See the accompanying notes and schedules.

**BEAUFORT-DELTA EDUCATION COUNCIL****Statement III****CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

June 30, 2019

	2019 Budget <u>(Unaudited)</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>OPERATING DEFICIT</b>	\$ (1,385,570)	\$ (1,221,612)	\$ (1,164,338)
Purchase of Prepaid Expenses	-	(4,516)	(8,181)
Use of Prepaid Expenses	<u>-</u>	<u>8,181</u>	<u>20,879</u>
	-	3,665	12,698
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<u>(1,385,570)</u>	<u>(1,217,947)</u>	<u>(1,151,640)</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>2,434,231</u>	<u>2,434,231</u>	<u>3,585,871</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 1,048,661</u>	<u>\$ 1,216,284</u>	<u>\$ 2,434,231</u>

See the accompanying notes and schedules.

**BEAUFORT-DELTA EDUCATION COUNCIL**

Statement IV

**CONSOLIDATED STATEMENT OF CASH FLOW**

For the Year Ended June 30, 2019

<b>Cash provided by (used in):</b>	<u>2019</u>	<u>2018</u>
<b>OPERATING TRANSACTIONS</b>		
Operating surplus (deficit)	\$ (1,221,612)	\$ (1,164,338)
<b>Changes in non-cash assets and liabilities:</b>		
Decrease (increase) in accounts receivable	95,685	(81,746)
Increase (decrease) in accounts payable	15,955	322,647
Increase (decrease) in payroll liabilities	1,806,778	397,466
Increase (decrease) in contributions repayable	-	(5,282)
Increase (decrease) in employee deductions payable	(600)	1,870
Increase (decrease) in deferred revenue	1,126,791	(58,432)
Increase (decrease) in post-employment benefits	(275,215)	(339,103)
Decrease (increase) in prepaid expenses	<u>3,665</u>	<u>12,682</u>
Cash provided by operating transactions	<u>1,551,447</u>	<u>(914,236)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,551,447	(914,236)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>9,337,506</u>	<u>10,251,742</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 10,888,953</u>	<u>\$ 9,337,506</u>

See the accompanying notes and schedules.



# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 1 NATURE OF ORGANIZATION

The Beaufort-Delta Education Council was established under the Education Act of the government of the Northwest Territories by order of the Minister dated March 31, 1989. Its purpose is to administer and maintain the standards of educational programs defined under the Act in the member communities of the Beaufort-Delta region.

Member communities have formed local District Education Authorities (DEA) which have assumed the responsibility to provide adequate educational programs within their respective communities.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets (debt) and change in financial position of the reporting entity. This entity comprises the Education Council operations plus all of the member District Education Authorities that are owned or controlled by the Beaufort-Delta Education Council and are, therefore, accountable to the Council for the administration of their financial affairs and resources. At present, the DEA's that are owned or controlled by the organization are Aklavik, Tsiigehtchic, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tuktoyaktuk and Ulukhaktok.

Interdepartmental and organizational transactions and balances between these organizations have been eliminated for consolidation purposes.

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

#### (b) Cash and Cash Equivalents

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

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

#### (c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities, deferred revenue, post-employment benefits and accountable funds.

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.

#### (d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Beaufort-Delta Education Council because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Beaufort-Delta Education Council.

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, *continued*

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The minister grants to the Beaufort-Delta Education Council the full occupancy and use of such facilities and equipment where required for the administration and delivery of the education programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expense.

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, *continued*

(f) Revenue Recognition

Government Transfers:

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

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

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are recognized as acquired or built.

GNWT - Regular contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Beaufort-Delta Education Council retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other contributions:

The Beaufort-Delta Education Council follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred Revenue

Deferred Revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditure are incurred.

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### Investment Income

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

#### Special Purpose Funds

School activity funds which are fully controlled by the Beaufort-Delta Education Council with respect to when and how the funds available can be discussed are included. the funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Beaufort-Delta Education Council are not included even if custody of the funds is held by the Beaufort-Delta Education Council. Examples of excluded funds might be student clubs or associations for which the Beaufort-Delta Education Council has no ongoing responsibility of liability for losses.

#### Stallworthy / Carpenter Endowment contributions:

Endowment contributions and investment income are recognized as direct increases in accumulated surplus.

#### Terry Halifax Endowment contributions:

Endowment contributions and investment income are recognized as direct increases in accumulated surplus.

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Budget Data

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Beaufort-Delta Education Council and the budget is legally adopted by a motion of the board in accordance with Section 135(3) of the Education Act.

Board approved budgets are submitted to the Minister of education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the Education Act.

This annual budget includes estimates of revenues, expenses and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Beaufort-Delta Education Council.

The budget may be amended within a given fiscal year in accordance with Beaufort-Delta Education Council policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the original Minister approved budget for the school year.

(h) Measurement Uncertainty

The preparation of these consolidated 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from those estimates. Accounts subject to measurement uncertainty are post-employment benefits as determined by an actuary.

(i) Inventories including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Beaufort-Delta Education Council are treated as expenses during the year of acquisition and are not recorded on the statement of financial position.

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Beaufort-Delta Education Council determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(k) Post-Employment Benefits, Compensated Absences, and Termination Benefits

Under the terms and conditions of employment, education board 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(l) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses. Transfers include grants and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES, continued**

(m)      Foreign Currency Translation

Foreign currency transactions are to be translated in Canadian dollars. Revenues and expenses denominated in a foreign currency are reported at a rate in the date of the transaction. Monetary items that have yet to be settled at the exchange rate are translated at the exchange rate in effect on the date of financial statement. Exchange gain or loss resulting from foreign exchange rate would be accounted for in the financial statement.

(n)      Contributed Materials and Services

The Beaufort-Delta Education Council recognizes contributions of materials and services, 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.

**NOTE 3      FUTURE ACCOUNTING CHANGES AND ADOPTION OF NEW ACCOUNTING STANDARDS**

**Future Accounting Changes**

- (a)      Financial Statement Presentation (PS 1201 - required when Sections PS 2601 and PS 3450 are adopted)
- (b)      Foreign Currency Translation (PS 21601 - April 1, 2019)
- (c)      Portfolio Investments (PS 3041 - required when Sections PS 1201, PS 2601 and PS 3450 are adopted.
- (d)      Financial Instruments (PS 3450 - April 1, 2019)
- (e)      Asset Retirement Obligations (PS 3280 - April 1, 2021)
- (f)      Revenue (PS 3400 - April 1, 2022)
- (g)      Student Activity / Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

**Adoption of new Accounting Standards**

- (a)      Effective April 1, 2018, the new standard from the PSA Handbook Section PS 3430 - restructuring transactions was adopted. there is no significant impact on the consolidated financial statements as a result of adopting the new standards.

**NOTE 4      CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
Cash	\$ <u>10,888,953</u>	\$ <u>9,337,506</u>
	<u>\$ 10,888,953</u>	<u>\$ 9,337,506</u>



## BEAUFORT-DELTA EDUCATION COUNCIL

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

#### NOTE 5 SPECIAL PURPOSE FUNDS

(Not applicable)

#### NOTE 6 RESTRICTED ASSETS

The Council received a bequest to establish the Harry Stallworthy - Noah Carpenter Fund. The terms of the bequest state that the principal shall remain intact and the net annual income therefrom shall be made available to students of Inuit heritage for financial assistance in the High School Orientation Program.

	<u>2019</u>	<u>2018</u>
Comprised of:		
Short-term		
- GIC 2.0% due June 24, 2019	\$ 255,000	\$ 255,000
- Due from general cash	<u>6,578</u>	<u>6,332</u>
	<u>\$ 261,578</u>	<u>\$ 261,332</u>
Stallworthy / Carpenter Endowment Fund:		
Principal proceeds received	\$ 216,515	\$ 216,515
Interest earned to date	262,955	263,731
Expenses to date	<u>(217,892)</u>	<u>(218,914)</u>
	<u>\$ 261,578</u>	<u>\$ 261,332</u>

The Council received a bequest to establish the Terry Halifax Fund in 2018. The terms of the bequest state that the East Three school will award annually to the student who exemplifies what it means to be a capable citizen through community, school involvement, volunteerism and leadership.

Comprised of:		
Short-term		
- GIC 2.0% due June 24, 2019	\$ 20,000	\$ 20,000
- Due from general cash	<u>933</u>	<u>1,002</u>
	<u>\$ 20,933</u>	<u>\$ 21,002</u>
Terry Halifax Fund		
Principal proceeds received	\$ 21,000	\$ 21,000
Interest earned to date	2	2
Expenses to date	<u>(69)</u>	<u>-</u>
	<u>\$ 20,933</u>	<u>\$ 21,002</u>

#### NOTE 7 PORTFOLIO INVESTMENTS

(Not applicable)

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

**NOTE 8      ACCOUNTS RECEIVABLE**

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>2019</u>	<u>2018</u>
Government of the Northwest Territories: - Education, Culture and Employment	\$ <u>68,351</u>	\$ <u>-</u>	\$ <u>68,351</u>	\$ <u>292,699</u>
Due from GNWT	<u>68,351</u>	<u>-</u>	<u>68,351</u>	<u>292,699</u>
Other Accounts receivable	<u>412,356</u>	<u>199,591</u>	<u>212,765</u>	<u>84,102</u>
	\$ <u><u>480,707</u></u>	\$ <u><u>199,591</u></u>	\$ <u><u>281,116</u></u>	\$ <u><u>376,801</u></u>

**NOTE 9      INVENTORY**

(Not applicable)

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Government of the Northwest Territories:		
Education, Culture and Employment	\$ 25,525	\$ 4,900
Municipal and Community Affairs	5,318	24,813
Department of Finance	153,411	5,781
Department of Justice	-	8,839
Department of Petroleum Products	<u>1,100</u>	<u>-</u>
Government of the Northwest Territories	185,354	44,333
Related Parties	324,573	378,233
Accounts payable	204,831	75,124
Accrued payables	<u>261,831</u>	<u>462,944</u>
	976,589	960,634
Payroll Liabilities		
To GNWT (A)	4,906,250	3,099,472
Payroll Liabilities	<u>\$ 4,906,250</u>	<u>\$ 3,099,472</u>

Note A: Amount outstanding to be paid to GNWT by Council for salaries and wages paid by June 30.

Note B: Amount accrued by the Council for salaries and wage to be paid in July and August.

## BEAUFORT-DELTA EDUCATION COUNCIL

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

#### NOTE 11 DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Education, Culture & Employment		
- Self Regulation	\$ 2,502	\$ -
- School & Public Library Services -Uluhaktuk FEA	13,518	-
- E- Learning	6,010	-
- Elders in School	-	6,399
Environment & Natural Resources		
- Species at risk	1,855	-
Library		
- School & Public Library Services - Ft. McPherson DEA	-	3,915
- School & Public Library Services - Aklavik DEA	7,755	-
Healthy and Social Services		
- Drop the Pop	3,701	3,700
Municipal & Community Affairs		
- Keepers	<u>4,646</u>	<u>-</u>
Government of the Northwest Territories	<u>-</u>	<u>14,014</u>
- Health Canada - Community Oral Health initiative	-	4,484
- Jordon Prinicipal	<u>1,055,549</u>	<u>-</u>
Government of Canada	<u>-</u>	<u>4,484</u>
Teetlit Gwich'in Council	30,205	-
Charities Aid Foundation - America	7,419	8,264
Hamlet of Paulatuk	-	4,000
Cross Country Canada Ski at School	3,986	100
Hamlet of Sachs Harbour	-	4,596
Inuvialuit Regional Corporation	4,791	53,647
Food First Foundation	8,036	7,493
Presidents Choice Foundation	3,888	-
First Light Research	15,000	-
Breakfast for Learning	16,027	9,436
Healthy Food for Learning	8,634	-
Tides - OTL - Collaborative Fund	64,544	26,866
NWT Parks & Rec Get Active NWT	<u>2,613</u>	<u>988</u>
	<u>\$ 1,260,679</u>	<u>\$ 133,888</u>

#### NOTE 12 CONTRIBUTION REPAYABLE

(Not applicable)

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 13 DUE FROM AND TO THE GOVERNMENT OF CANADA

(Not applicable)

### NOTE 14 CAPITAL LEASE OBLIGATION

(Not applicable)

### NOTE 15 PENSIONS

(Not applicable)

### NOTE 16 LONG-TERM DEBT

(Not applicable)

### NOTE 17 POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS

In addition to the pension benefits, The Beaufort-Delta Education Council 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 Beaufort-Delta Education Council'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.

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

#### Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2018 and the results extrapolated to June 30, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

**NOTE 17 POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS, continued**

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2019</u>	<u>2018</u>
Changes in Obligation:				
Accrued benefit obligations				
beginning of year	\$ 1,748,093	\$ 338,079	\$ 1,790,445	\$ 2,086,172
Current period benefit cost	121,962	28,432	150,394	150,394
Interest accrued	55,522	10,828	66,350	66,350
Benefit payments	(304,445)	(136,455)	(440,900)	(440,900)
Actuarial (gains)/losses	<u>(121,132)</u>	<u>49,561</u>	<u>(71,571)</u>	<u>(71,571)</u>
Accrued benefit obligations				
end of year	1,500,000	290,445	1,494,718	1,790,445
Unamortized net actuarial				
gain	<u>935,516</u>	<u>178,584</u>	<u>1,114,100</u>	<u>1,114,100</u>
Net future obligation	<u>2,435,516</u>	<u>469,029</u>	<u>2,608,818</u>	<u>2,904,545</u>
Total employee future				
benefits and compensated				
absences	2,435,516	469,029	2,608,818	2,904,545
Benefits Expense:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The discount rate used to determine the accrued benefit obligation is an average of 3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
2020	\$ 244,196	\$ 54,083	\$ 298,279
2021	214,087	45,917	260,004
2022	178,586	38,104	216,690
2023	154,285	31,802	186,087
2024	136,041	26,782	162,823
Next 5 years	621,776	112,929	734,705
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	\$ <u>1,548,971</u>	\$ <u>309,617</u>	\$ <u>1,858,588</u>

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

**NOTE 17 POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS, continued**

**NOTE 18 TRUST ASSETS UNDER ADMINISTRATION**

(Not applicable)

**NOTE 19 TANGIBLE CAPITAL ASSETS**

(Not applicable)

**NOTE 20 PREPAID EXPENSES**

	<u>2019</u>	<u>2018</u>
Canadian Association of School System Administrators	1,797	-
VISA charges	<u>2,719</u>	<u>8,181</u>
	<u>4,516</u>	<u>8,181</u>

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

**NOTE 21 GNWT ASSETS PROVIDED AT NO COST**

	<u>Cost</u>	<u>Accumulated Amortization</u>	2019 <u>Net Book Value</u>	2018 <u>Net Book Value</u>
East Three Secondary School Carpentry shop	\$ 461,563	\$ 461,563	\$ -	\$ -
East Three Secondary School Auto Shop	541,689	499,262	42,427	57,856
Moose Kerr School	8,123,452	5,593,947	2,529,505	2,788,941
Aklavik Portable Classrooms	62,052	62,052	-	-
Chief Julius School	10,064,072	4,864,633	5,199,439	5,358,201
Mangilaluk School	7,146,891	4,901,532	2,245,359	2,454,230
Inualthuyak School	2,415,308	1,557,444	857,864	891,752
Helen Kalvak School	8,864,887	7,149,635	1,715,252	2,013,557
Angik School	3,811,262	2,253,540	1,557,722	1,574,003
Chief Paul Niddchie School	2,467,762	912,801	1,554,961	1,626,180
Moose Kerr Foundation Replacement	753,546	155,451	598,095	616,933
Tsiigehtchic Gym	1	-	1	1
Moose Kerr School - Ventilation	173,505	79,896	93,609	105,190
Angik School Retrofit	123,278	65,745	57,533	67,539
Helen Kalvak School Vent & DDC Retrofit	354,896	184,842	170,054	199,629
East Three New Inuvik School	108,222,857	18,222,392	90,000,465	90,680,254
Tsiigehtchic Gym Pilings	205,668	31,279	174,389	179,531
Aklavik Community Library	<u>234,794</u>	<u>115,934</u>	<u>118,860</u>	<u>124,729</u>
	<u>\$154,027,483</u>	<u>\$ 47,111,948</u>	<u>\$106,915,535</u>	<u>\$108,738,526</u>



# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 22 CONTRACTUAL OBLIGATIONS

The Council has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2019:

	<u>Expiry Date</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Equipment Leases	2022	\$ 182,23	\$ 182,230	\$ 182,230	\$ 45,147	\$ 591,837
Commercial Leases	2022	<u>146,10</u>	<u>73,050</u>	<u>-</u>	<u>-</u>	<u>219,150</u>
Total		<u>\$ 328,33</u>	<u>\$ 255,280</u>	<u>\$ 182,230</u>	<u>\$ 45,147</u>	<u>\$ 810,987</u>

### NOTE 23 CONTINGENCIES

(Not applicable)

### NOTE 24 RELATED PARTIES AND INTER-ENTITY TRANSACTIONS

The Beaufort-Delta Education Council is related in terms of common ownership to all GNWT-created departments, agencies and corporations. The Council enters into transactions with these entities in the normal course of operations. The Council is provided with various administrative services by the GNWT, the value of which is not reflected in these consolidated financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by the Department of Public Works and Services. Transactions with related parties and balances at year end not disclosed elsewhere in the consolidated financial statements are disclosed in this note.

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to and from related parties are non-interest bearing, and due within normal trade terms.

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>Due to related parties</b>		
Accounts payable:		
Contributions		
Government of the Northwest Territories:		
Department of Education, Culture & Employment	\$ 25,525	\$ 4,900
Department of Municipal & Community Affairs	5,318	24,813
Department of Finance	153,410	5,781
Petroleum Products Division	1,100	-
Department of Justice	<u>-</u>	<u>8,839</u>
Government of the Northwest Territories	<u>185,353</u>	<u>44,333</u>
Other Related Parties:		
Various BDEC Schools	<u>324,573</u>	<u>378,233</u>
Total Accounts Payable	<u>509,926</u>	<u>422,566</u>
Due to Related Parties	\$ <u>509,926</u>	\$ <u>422,566</u>

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2019</u>	<u>2018</u>
<b>Due from related parties</b>				
Accounts receivable:				
Government of the Northwest Territories:				
Department of Education, Culture & Employment	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>292,699</u>
Government of the Northwest Territories	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,699</u>
Due from Related Parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>292,699</u>

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 25 BUDGET DATA

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Beaufort-Delta Education Council which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenue and expenses for the Operating fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Beaufort-Delta Education Council.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on and have not been audited.

### NOTE 26 ECONOMIC DEPENDENCE

The Beaufort-Delta Education Council receives its funding primarily from the GNWT. If the funding arrangements were to change, management is of the opinion that Beaufort-Delta Education Council operations would be significantly affected.

### NOTE 27 FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash and temporary investments, accounts receivable, due from GNWT, accounts payable and accrued liabilities, accrued payroll, leave and termination benefits and due to GNWT. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, liquidity, credit, market, currency or cash flow risks arising from these financial instruments.

The Council's carrying value of cash and accrued salaries approximate fair value due to the immediate and short-term maturity of these instruments.

The Council's carrying value of the accrued leave and termination benefits approximates fair value based on information readily available in the NWTTA, UNW and Senior Manager's handbook.

The Council is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that customers to which the Council provides services may experience financial difficulty and be unable to fulfil their obligations. The Council regularly monitors the amounts of outstanding receivables and initiates collection procedures to minimize credit risk.

**BEAUFORT-DELTA EDUCATION COUNCIL**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

**NOTE 28 EXPENSES BY OBJECT**

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
Compensation	\$ 28,682,174	\$ 31,418,156	\$ 27,463,023
Other	<u>4,523,724</u>	<u>4,920,174</u>	<u>5,316,332</u>
	\$ <u>33,205,898</u>	\$ <u>36,338,330</u>	\$ <u>32,779,355</u>

**NOTE 29 SUBSEQUENT EVENTS**

(Not applicable)

**NOTE 30 COMPARATIVE FIGURES**

(Not applicable)

**NOTE 31 ECE OTHER CONTRIBUTIONS**

	<u>2019</u>	<u>2018</u>
French Program	\$ 75,000	\$ 95,000
eLearning	1,051,638	690,852
TLC - Gwichin	-	207,133
TLC - Inuvialuit	-	270,867
TLC	-	52,000
Library (Aklavik)	56,745	48,432
Public Library Services (Ft McPherson)	30,925	34,987
Community Literacy Projects (Ft McPherson)	33,654	28,672
Literacy (Ulukhaktok)	13,329	12,131
Library (Ulukhaktok)	<u>40,833</u>	<u>34,546</u>
	\$ <u>1,302,124</u>	\$ <u>1,474,620</u>

# BEAUFORT-DELTA EDUCATION COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

### NOTE 32 GNWT OTHER CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>
Encounters with Canada	8,000	-
SCES - Snack Program	3,851	-
E3E Playground	-	1,022
Self Regulation & Action Research (ECE)	6,498	10,000
Ivvavik	10,000	10,000
Others (Finance)	22,110	-
Library operations	(10,933)	60,933
RYS - Basketball (MACA)	2,493	4,650
RYS - Soccer (MACA)	2,250	3,482
NGDG Summit (MACA)	29,852	43,245
RYS - Volleyball (MACA)	500	500
GNWT - RYS Hockey (MACA)	4,904	324
Drop the Pop (H & SS)	21,794	19,309
Under 100 Club	1,676	-
TAKT	44,687	-
After School Physical Activity (MACA)	122,400	127,400
Take a Kid Trapping (ITI)	-	2,577
Keepers (MACA)	23,554	20,743
Misc revenue (Ulukhaktok)	<u>200</u>	<u>1,670</u>
	<u><u>293,836</u></u>	<u><u>305,855</u></u>

### NOTE 33 CONTINGENT ASSETS

(Not applicable)

### NOTE 34 CONTRACTUAL RIGHTS

(Not applicable)

**BEAUFORT-DELTA EDUCATION COUNCIL**

**Schedule 1**

**CONSOLIDATED DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

	<u>Aboriginal Languages/Cultural Programs</u>	<u>Administration</u>	<u>Inclusive Schooling</u>	<u>School Programs</u>	<u>Student Accommodations</u>	<u>Operations &amp; Maintenance</u>	<u>Total</u>
<b>SALARIES:</b>							
Teachers	\$ 1,163,425	\$ -	\$ 1,471,398	\$ 12,700,303	\$ -	\$ -	\$ 15,335,126
Instruction Assistants	925	-	-	80,637	-	-	81,562
Non-instructional Staff	274,640	1,333,352	3,523,383	2,624,869	-	-	7,756,244
Board/Trustee Honoraria	127,591	79,855	-	35,467	-	-	242,913
<b>EMPLOYEE BENEFITS</b>							
Employee Benefit/Allowance	496,209	509,489	1,990,454	4,779,708	-	190,976	7,966,836
Leave and Termination	-	-	-	35,474	-	-	35,474
<b>SERVICES PURCHASED/ CONTRACTED</b>							
Professional/Technical Services	-	63,161	2,388	-	-	-	65,549
Postage/Communication	830	38,224	-	98,297	3,920	-	141,271
Utilities & Leases	-	-	-	8,719	-	-	8,719
Travel	87,061	149,780	101,948	473,042	5,583	4,955	822,369
Student Travel	39,712	-	-	156,660	159,350	-	355,722
Advertising/Printing/Publishing	35	3,900	-	-	-	-	3,935
Maintenance/Repair	8,137	16,369	-	102,079	-	-	126,585
Rentals/Leases	15,125	18,721	6,850	204,041	-	155,073	399,810
Others	6,000	47,696	2,320	56,628	-	499,737	612,381
Contracted Services	20,905	103,567	95,260	525,583	-	-	745,315
<b>MATERIALS/SUPPLIES/FREIGHT</b>							
Materials	110,783	146,754	38,176	922,032	250	-	1,217,995
Furniture and Equipment	10,716	95,854	58,957	257,155	-	-	422,682
Freight	4,198	17,005	5,974	93,847	-	-	121,024
<b>CONTRIBUTIONS/TRANSFERS</b>							
Transfers - Other	-	-	(123,182)	-	-	-	(123,182)
<b>Total</b>	<u>\$ 2,366,292</u>	<u>\$ 2,623,727</u>	<u>\$ 7,173,926</u>	<u>\$ 23,154,541</u>	<u>\$ 169,103</u>	<u>\$ 850,741</u>	<u>\$ 36,338,330</u>

**BEAUFORT-DELTA EDUCATION COUNCIL**

**Schedule 2**

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS  
INCLUSIVE SCHOOLING EXPENSES**

For the Year Ended June 30, 2019

<u>FUNCTION</u>	<u>General Inclusive Schooling</u>	<u>Staff Development</u>	<u>Assistive Technology</u>	<u>Student Resources</u>	<u>Total</u>
<u>SALARIES</u>					
Program Support Teachers	\$ 1,471,398	\$ -	\$ -	\$ -	\$ 1,471,398
Consultants	264,832	-	-	-	264,832
Support Assistants	1,377,397	-	-	-	1,320,985
Non Instructional Staff	313,676	-	54,689	-	1,937,566
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	1,426,480	-	-	-	1,990,454
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Professional/Technical Services	324	-	-	-	2,388
Travel	33,571	47,794	-	-	101,948
Rentals/Leases	-	-	-	-	6,850
Other Contracted Services	98,030	17,974	-	-	95,260
Others	-	-	-	-	2,320
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	32,199	-	23,459	-	38,176
Furniture and Equipment	6,580	-	-	-	58,957
Freight	<u>5,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,974</u>
<b>TOTAL</b>	<b>\$ <u>5,030,064</u></b>	<b>\$ <u>65,768</u></b>	<b>\$ <u>78,148</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>7,297,108</u></b>

**BEAUFORT-DELTA EDUCATION COUNCIL**

**Schedule 3**

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS  
INDIGENOUS LANGUAGES AND EDUCATION EXPENSES**

For the Year Ended June 30, 2019

<u>FUNCTION</u>	<u>Student Instruction</u>	<u>Teaching/ Learning Resources</u>	<u>Professional Development</u>	<u>School Activities and Integrated Community Programs</u>	<u>Total</u>
<b><u>SALARIES</u></b>					
ALCBE Teachers	\$ 1,163,425	\$ -	\$ -	\$ -	\$ 1,163,425
Language Consultants	212,842	-	-	-	212,842
Instruction Assistants	925	-	-	-	925
Non Instructional Staff	-	-	-	61,798	61,798
Honoraria	-	1,334	8,526	117,731	127,591
Elders in Schools	56,597	-	-	(56,597)	-
<b><u>EMPLOYEE BENEFITS</u></b>					
Employee Benefits/Allowances	487,265	-	-	8,944	496,209
<b><u>SERVICES PURCHASED/ CONTRACTED</u></b>					
Travel	18,907	9,048	49,394	9,712	87,061
Student Transportation (bussing)	-	-	-	39,712	39,712
Advertising/Printing/Publishing	-	-	-	35	35
Maintenance/Repair	-	-	-	8,137	8,137
Rentals/Leases	-	-	-	15,125	15,125
Other Contracted Services	830	14,245	-	6,660	21,735
Others	-	-	-	6,000	6,000
<b><u>MATERIAL/SUPPLIES/FREIGHT</u></b>					
Materials	10,861	9,276	5,202	85,444	110,783
Furniture and Equipment	6,834	893	-	2,989	10,716
Freight	<u>1,564</u>	<u>-</u>	<u>235</u>	<u>2,399</u>	<u>4,198</u>
<b>TOTAL</b>	<b>\$ <u>1,960,050</u></b>	<b>\$ <u>34,796</u></b>	<b>\$ <u>63,357</u></b>	<b>\$ <u>308,089</u></b>	<b>\$ <u>2,366,292</u></b>



**BEAUFORT-DELTA EDUCATION COUNCIL**

**Schedule 4**

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS  
INDIGENOUS LANGUAGES AND EDUCATION (CONTRIBUTIONS)**

For the Year Ended June 30, 2019

<u>Contribution Agreement Indigenous Languages</u>	<u>Budget</u>	<u>July 1 to March 31</u>	<u>April 1 to June 30</u>	<u>Total</u>
<b>Revenue</b>				
	<u>-</u>	<u>2,344,276</u>	<u>603,577</u>	<u>2,947,853</u>
<b>Expenses</b>				
Salaries	-	1,414,444	788,441	2,202,885
Other - O & M	<u>-</u>	<u>149,930</u>	<u>139,355</u>	<u>289,285</u>
Total Expenses	<u>-</u>	<u>1,564,374</u>	<u>927,796</u>	<u>2,492,170</u>
Net Surplus (Deficit)				<u><u>455,683</u></u>

**BEAUFORT-DELTA EDUCATION COUNCIL**

Schedule 5

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS  
FRENCH LANGUAGE PROGRAM  
For the Year Ended June 30, 2019**

	ECE Contributions July <u>1 to June 30</u>	Commitment from Beaufort Delta <u>Education Council</u>	Total Expenses <u>July 1 to June 30</u>
<b>Bilateral Agreement Funding</b>			
<b>Special Projects:</b>			
Teacher's Assistant Salary	\$ 60,000	\$ 19,423	\$ 79,423
Core French 1:12 Salary	-	36,145	36,145
French Resources	5,000	2,214	7,214
Cultural Activities	5,000	(5,000)	-
Professional Development	5,000	(5,000)	-
French Monitor	-	10,631	10,631
Mentorship with YCS on Immersion Program	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<b>Total</b>	<b><u>\$ 90,000</u></b>	<b><u>\$ 58,413</u></b>	<b><u>\$ 148,413</u></b>
<b>Regular GNWT Funding</b>			
Immersion Program	\$ 75,000		
Mentorship YCS	\$ 15,000		
CMEC Odysseel Program	\$ -		
GNWT - ECE - Food Allowance	<u>29,725</u>		
<b>Total</b>	<b><u>\$ 119,725</u></b>		

**BEAUFORT-DELTA EDUCATION COUNCIL**

Schedule 6

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS**

**JORDAN'S PRINCIPLE**

For the Year Ended June 30, 2019

	2019 <u>Budget</u> <u>Unaudited</u>	2019 <u>Actual</u>	<u>2018</u> <u>Actual</u>
<b>Revenue</b>			
First Nations and Inuit Health Branch	\$ <u>2,292,274</u>	\$ <u>3,442,807</u>	\$ <u>-</u>
Total Revenue	<u>2,292,274</u>	<u>3,442,807</u>	<u>-</u>
<b>Expenses</b>			
Administration	-	94,982	-
Personnel	2,215,184	2,215,184	-
Transportation	20,582	20,582	-
Materials and Supplies	54,602	54,602	-
Other	<u>1,906</u>	<u>1,906</u>	<u>-</u>
Total Expenses	<u>2,292,274</u>	<u>2,387,256</u>	<u>-</u>
Deferred Revenue	\$ <u><u>-</u></u>	\$ <u><u>1,055,551</u></u>	\$ <u><u>-</u></u>

# BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 7

## NORTHERN DISTANCE LEARNING

For the Year Ended June 30, 2019

Contribution Agreement <u>Northern Distance Learning (NDL)</u>	<u>Budget</u>	<u>July 1 to March 31</u>	<u>April 1 to June 30</u>	<u>Total</u>
<b>Revenue</b>				
Government of the NWT	1,058,417	663,127	388,511	1,051,638
Other	<u>190,541</u>	<u>142,906</u>	<u>47,635</u>	<u>190,541</u>
	<u>1,248,958</u>	<u>806,033</u>	<u>436,146</u>	<u>1,242,179</u>
<b>Expenses</b>				
Teacher and Support	600,000	495,935	150,979	646,914
Moodle Dev	113,000	-	-	-
DL Co-ordinator	150,000	109,292	49,796	159,088
IT Support	90,000	68,141	34,959	103,100
Co-ordinator Transportation	30,415	19,154	5,103	24,257
In-service Release	4,104	-	-	-
Professional Development	2,000	300	2,500	2,800
Classroom Materials	-	2,686	760	3,446
Hardware and Software	-	45,470	63,097	108,567
Document Camera	3,000	-	-	-
Phones	8,000	625	550	1,175
Laptop	48,100	-	-	-
Video (Monopad)	182,450	-	-	-
Wireless Adapters and Splitters	9,500	-	-	-
Freight	-	796	6,719	7,515
Amendment 1: shared portion of 1 year license	1,000	-	1,000	1,000
Amendment 2: microphone speaker	610	-	-	-
Amendment 4: art document camera	2,067	-	-	-
Amendment 5: mondopad Ft. Resolution	<u>4,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>1,248,958</u>	<u>742,399</u>	<u>315,463</u>	<u>1,057,862</u>
Net Surplus (Deficit)	<u><u>-</u></u>	<u><u>63,634</u></u>	<u><u>120,683</u></u>	<u><u>184,317</u></u>

**BEAUFORT-DELTA EDUCATION COUNCIL**

**Schedule 8**

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS  
STUDENT SUCCESS INITIATIVE  
For the Year Ended June 30, 2019**

**NWT Student Success Initiative  
Professional Development Initiative**

**Title of Project: Ongoing Development of Collaborative Teams and Response to Intervention**

	<u>2019</u>
Revenue	<u>101,660</u>
Expenses:	
<b>Travel</b>	
Air Charter	102,110
Accommodation	75,117
Daily Per Diems	47,454
<b>Workshop Expenses</b>	
Room Rental	1,000
Miscellaneous	<u>47,978</u>
Total Expenses	<u>273,659</u>
Net Surplus (Deficit)	<u><u>(171,999)</u></u>

**AKLAVIK DISTRICT EDUCATION AUTHORITY  
STATEMENT OF FINANCIAL POSITION**

For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 18,178	\$ 36,772
Due from Related Parties	4,238	4,654
Accounts Receivable	<u>-</u>	<u>15,999</u>
	<u>22,416</u>	<u>57,425</u>
<b>LIABILITIES</b>		
Payroll Liabilities	608	731
Deferred Revenue	<u>7,755</u>	<u>6,897</u>
	<u>8,363</u>	<u>7,628</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 14,053</u>	<u>\$ 49,797</u>

**AKLAVIK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 64,700	\$ 68,747	\$ 74,077
Other ECE contributions	49,500	56,745	48,432
Other Government of Canada	-	-	(80)
Other	<u>5,600</u>	<u>14,532</u>	<u>8,810</u>
<b>TOTAL REVENUE</b>	<u>119,800</u>	<u>140,024</u>	<u>131,239</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	4,623	21,537
Administration	14,170	27,682	37,557
School Programs	<u>100,010</u>	<u>143,463</u>	<u>80,954</u>
<b>TOTAL EXPENSES</b>	<u>114,180</u>	<u>175,768</u>	<u>140,048</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	5,620	(35,744)	(8,809)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>49,797</u>	<u>49,797</u>	<u>58,606</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 55,417</u>	<u>\$ 14,053</u>	<u>\$ 49,797</u>

**AKLAVIK DISTRICT EDUCATION AUTHORITY  
DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

	Aboriginal Languages/Cultural <u>Programs</u>	<u>Administration</u>	School <u>Programs</u>	<u>Total</u>
<b>SALARIES:</b>				
Non-instructional Staff	\$ -	\$ 121	\$ 53,968	\$ 54,089
Board/Trustee Honoraria	-	3,750	-	3,750
<b>EMPLOYEE BENEFITS</b>				
Employee Benefit/Allowance	-	-	3,908	3,908
<b>SERVICES PURCHASED/ CONTRACTED</b>				
Postage/Communication	-	2,182	265	2,447
Travel	-	1,497	-	1,497
Student Travel	-	-	2,700	2,700
Rentals/Leases	-	-	21,035	21,035
Others	3,000	1,774	8,500	13,274
Contracted Services	810	-	3,276	4,086
<b>MATERIALS/SUPPLIES/FREIGHT</b>				
Materials	813	11,467	37,240	49,520
Furniture and Equipment	-	5,002	12,571	17,573
Freight	-	1,889	-	1,889
	<u>-</u>	<u>1,889</u>	<u>-</u>	<u>1,889</u>
<b>Total</b>	<u>\$ 4,623</u>	<u>\$ 27,682</u>	<u>\$ 143,463</u>	<u>\$ 175,768</u>



**FT MCPHERSON DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 35,729	\$ 44,515
Due from Related Parties	2,394	2,260
Accounts Receivable	<u>56,027</u>	<u>19,076</u>
	<u>94,150</u>	<u>65,851</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	32,458	41,003
Due to Related Parties	8,224	8,224
Payroll Liabilities	1,452	2,000
Deferred Revenue	<u>53,793</u>	<u>7,357</u>
	<u>95,927</u>	<u>58,584</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u>\$ (1,777)</u>	<u>\$ 7,267</u>

**FT MCPHERSON DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 63,612	\$ 58,874	\$ 78,697
Other ECE contributions	60,000	64,579	63,659
Other	<u>12,000</u>	<u>42,065</u>	<u>61,534</u>
<b>TOTAL REVENUE</b>	<u>135,612</u>	<u>165,518</u>	<u>203,890</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	19,669	66,845
Administration	35,289	61,134	59,552
Inclusive Schooling	-	-	23,722
School Programs	<u>100,323</u>	<u>93,759</u>	<u>67,839</u>
<b>TOTAL EXPENSES</b>	<u>135,612</u>	<u>174,562</u>	<u>217,958</u>
<b>OPERATING DEFICIT</b>	-	(9,044)	(14,068)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>7,267</u>	<u>7,267</u>	<u>21,335</u>
<b>CLOSING ACCUMULATED SURPLUS (DEFICIT)</b>	<u>\$ 7,267</u>	<u>\$ (1,777)</u>	<u>\$ 7,267</u>

**FT MCPHERSON DISTRICT EDUCATION AUTHORITY  
DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

	<u>Aboriginal Languages/Cultural Programs</u>	<u>Administration</u>	<u>School Programs</u>	<u>Total</u>
<b>SALARIES:</b>				
Instruction Assistants	-	-	44,492	44,492
Non-instructional Staff	13,104	36,024	-	49,128
Board/Trustee Honoraria	-	5,500	-	5,500
<b>EMPLOYEE BENEFITS</b>				
Employee Benefit/Allowance	4,415	1,104	1,839	7,358
<b>SERVICES PURCHASED/ CONTRACTED</b>				
Professional/Technical Services	-	100	-	100
Postage/Communication	-	2,553	-	2,553
Rentals/Leases	-	-	14,640	14,640
Others	-	1,006	15,510	16,516
<b>MATERIALS/SUPPLIES/FREIGHT</b>				
Materials	2,150	14,847	16,236	33,233
Freight	-	-	1,042	1,042
<b>Total</b>	<u>\$ 19,669</u>	<u>\$ 61,134</u>	<u>\$ 93,759</u>	<u>\$ 174,562</u>

**INUVIK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 73,865	\$ 72,594
Due from Related Parties	24,521	107,102
Accounts Receivable	<u>11,103</u>	<u>6,229</u>
	<u>109,489</u>	<u>185,925</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	83,978	119,466
Payroll Liabilities	1,997	4,160
Deferred Revenue	<u>6,708</u>	<u>42,470</u>
	<u>92,683</u>	<u>166,096</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 16,806</u>	<u>\$ 19,829</u>

**INUVIK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 84,355	\$ 110,056	\$ 191,435
Other	<u>20,800</u>	<u>113,694</u>	<u>73,956</u>
<b>TOTAL REVENUE</b>	<u>105,155</u>	<u>223,750</u>	<u>265,391</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	50,014	172,936
Administration	90,509	90,892	155,392
School Programs	<u>14,646</u>	<u>85,867</u>	<u>115,738</u>
<b>TOTAL EXPENSES</b>	<u>105,155</u>	<u>226,773</u>	<u>444,066</u>
<b>OPERATING DEFICIT</b>	-	(3,023)	(178,675)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>19,829</u>	<u>19,829</u>	<u>198,504</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 19,829</u>	<u>\$ 16,806</u>	<u>\$ 19,829</u>

**INUVIK DISTRICT EDUCATION AUTHORITY  
DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

	Aboriginal Languages/Cultural Programs	Administration	School Programs	<u>Total</u>
<b>SALARIES:</b>				
Instruction Assistants	375	-	-	\$ 375
Non-instructional Staff	45,108	71,753	8,964	125,825
Board/Trustee Honoraria	-	6,775	-	6,775
<b>EMPLOYEE BENEFITS</b>				
Employee Benefit/Allowance	4,496	4,300	977	9,773
<b>SERVICES PURCHASED/ CONTRACTED</b>				
Postage/Communication	-	2,545	-	2,545
Utilities & Leases	-	-	283	283
Advertising/Printing/Publishing	35	-	-	35
Rentals/Leases	-	-	13,130	13,130
Others	-	4,444	9,414	13,858
Contracted Services	-	467	50,940	51,407
<b>MATERIALS/SUPPLIES/FREIGHT</b>				
Materials	-	608	2,159	2,767
<b>Total</b>	<u>\$ 50,014</u>	<u>\$ 90,892</u>	<u>\$ 85,867</u>	<u>\$ 226,773</u>

**PAULATUK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 3,846	\$ 11,228
Due from Related Parties	<u>2,637</u>	<u>3,596</u>
	<u>6,483</u>	<u>14,824</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	-	6,000
Payroll Liabilities	2,259	674
Deferred Revenue	<u>2,069</u>	<u>6,371</u>
	<u>4,328</u>	<u>13,045</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 2,155</u>	<u>\$ 1,779</u>

**PAULATUK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 26,365	\$ 26,365	\$ 43,618
Other	<u>13,500</u>	<u>12,607</u>	<u>13,947</u>
<b>TOTAL REVENUE</b>	<u>39,865</u>	<u>38,972</u>	<u>57,565</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	-	8,146
Administration	21,365	28,749	31,572
School Programs	<u>18,500</u>	<u>9,847</u>	<u>17,512</u>
<b>TOTAL EXPENSES</b>	<u>39,865</u>	<u>38,596</u>	<u>57,230</u>
<b>OPERATING SURPLUS</b>	-	376	335
<b>OPENING ACCUMULATED SURPLUS</b>	<u>1,779</u>	<u>1,779</u>	<u>1,444</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 1,779</u>	<u>\$ 2,155</u>	<u>\$ 1,779</u>



**PAULATUK DISTRICT EDUCATION AUTHORITY  
 DETAILS OF EXPENSES  
 For the Year Ended June 30, 2019**

	<u>Administration</u>	<u>School Programs</u>	<u>Total</u>
<b>SALARIES:</b>			
Non-instructional Staff	\$ 16,573	\$ 7,859	\$ 24,432
Board/Trustee Honoraria	5,675	-	5,675
<b>EMPLOYEE BENEFITS</b>			
Employee Benefit/Allowance	1,308	615	1,923
<b>SERVICES PURCHASED/ CONTRACTED</b>			
Postage/Communication	959	-	959
Others	180	-	180
Contracted Services	2,721	-	2,721
<b>MATERIALS/SUPPLIES/FREIGHT</b>			
Materials	<u>1,333</u>	<u>1,373</u>	<u>2,706</u>
<b>Total</b>	<u>\$ 28,749</u>	<u>\$ 9,847</u>	<u>\$ 38,596</u>

**SACHS HARBOUR DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 18,220	\$ 40,048
Due from Related Parties	<u>10,550</u>	<u>3,072</u>
	<u>28,770</u>	<u>43,120</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	66	10,000
Payroll Liabilities	453	1,014
Deferred Revenue	<u>-</u>	<u>4,596</u>
	<u>519</u>	<u>15,610</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 28,251</u>	<u>\$ 27,510</u>

**SACHS HARBOUR DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 26,376	\$ 30,972	\$ 31,871
Other	<u>-</u>	<u>-</u>	<u>7,749</u>
<b>TOTAL REVENUE</b>	<u>26,376</u>	<u>30,972</u>	<u>39,620</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	-	12,343
Administration	5,376	9,023	21,827
School Programs	<u>21,000</u>	<u>21,208</u>	<u>25,578</u>
<b>TOTAL EXPENSES</b>	<u>26,376</u>	<u>30,231</u>	<u>59,748</u>
<b>OPERATING SURPLUS</b>	-	741	(20,128)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>27,510</u>	<u>27,510</u>	<u>47,638</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 27,510</u>	<u>\$ 28,251</u>	<u>\$ 27,510</u>

**SACHS HARBOUR DISTRICT EDUCATION AUTHORITY  
DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

	<u>Administration</u>	<u>School Programs</u>	<u>Total</u>
<b>SALARIES:</b>			
Teachers	\$ -	\$ 895	\$ 895
Non-instructional Staff	6,371	-	6,371
Board/Trustee Honoraria	1,450	-	1,450
<b>EMPLOYEE BENEFITS</b>			
Employee Benefit/Allowance	368	313	681
<b>SERVICES PURCHASED/ CONTRACTED</b>			
Others	58	-	58
Contracted Services	-	20,000	20,000
<b>MATERIALS/SUPPLIES/FREIGHT</b>			
Materials	<u>776</u>	<u>-</u>	<u>776</u>
<b>Total</b>	<u>\$ 9,023</u>	<u>\$ 21,208</u>	<u>\$ 30,231</u>

**TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 28,317	\$ 48,837
Due from Related Parties	857	1,638
Accounts Receivable	<u>2,700</u>	<u>1,350</u>
	<u>31,874</u>	<u>51,825</u>
<b>LIABILITIES</b>		
Payroll Liabilities	<u>63</u>	<u>251</u>
	<u>63</u>	<u>251</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 31,811</u>	<u>\$ 51,574</u>

**TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 8,569	\$ 8,569	\$ 23,391
Rentals	<u>2,000</u>	<u>5,850</u>	<u>3,362</u>
<b>TOTAL REVENUE</b>	<u>10,569</u>	<u>14,419</u>	<u>26,753</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	11,045	12,604
Administration	5,569	10,508	19,425
School Programs	<u>5,000</u>	<u>12,629</u>	<u>37,050</u>
<b>TOTAL EXPENSES</b>	<u>10,569</u>	<u>34,182</u>	<u>69,079</u>
<b>OPERATING DEFICIT</b>	-	(19,763)	(42,326)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>51,574</u>	<u>51,574</u>	<u>93,900</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 51,574</u>	<u>\$ 31,811</u>	<u>\$ 51,574</u>

**TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY**  
**DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

**SALARIES:**

Instruction Assistants  
 Board/Trustee Honoraria

**EMPLOYEE BENEFITS**

Employee Benefit/Allowance

**SERVICES PURCHASED/ CONTRACTED**

Student Travel

Others

Contracted Services

**MATERIALS/SUPPLIES/FREIGHT**

Materials

**Total**

	Aboriginal Languages/Cultural <u>Programs</u>	<u>Administration</u>	School <u>Programs</u>	<u>Total</u>
\$	550 \$	-	-	\$ 550
	-	3,100	-	3,100
	33	-	-	33
	8,022	-	1,561	9,583
	-	1,027	-	1,027
	1,950	2,700	-	4,650
	<u>490</u>	<u>3,681</u>	<u>11,068</u>	<u>15,239</u>
\$	<u>11,045</u> \$	<u>10,508</u> \$	<u>12,629</u> \$	<u>34,182</u>

**TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY  
STATEMENT OF FINANCIAL POSITION**

For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 32,508	\$ 82,382
Due from Related Parties	35,612	17,922
Accounts Receivable	<u>20,265</u>	<u>4,729</u>
	<u>88,385</u>	<u>105,033</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	49,808	28,499
Due to Related Parties	8,394	8,394
Payroll Liabilities	1,999	4,268
Deferred Revenue	<u>6,010</u>	<u>5,318</u>
	<u>66,211</u>	<u>46,479</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 22,174</u>	<u>\$ 58,554</u>



**TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 118,705	\$ 141,489	\$ 196,404
Regular contributions	-	29,636	-
Other Government of Canada	38,500	38,835	40,917
Other	<u>43,000</u>	<u>69,852</u>	<u>71,946</u>
<b>TOTAL REVENUE</b>	<u>200,205</u>	<u>279,812</u>	<u>309,267</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	3,853	37,601
Administration	50,378	93,995	65,624
Inclusive Schooling	-	-	31,856
School Programs	<u>149,827</u>	<u>218,344</u>	<u>125,875</u>
<b>TOTAL EXPENSES</b>	<u>200,205</u>	<u>316,192</u>	<u>260,956</u>
<b>OPERATING DEFICIT</b>	-	(36,380)	48,311
<b>OPENING ACCUMULATED SURPLUS</b>	<u>58,554</u>	<u>58,554</u>	<u>10,243</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 58,554</u>	<u>\$ 22,174</u>	<u>\$ 58,554</u>

**TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY  
DETAILS OF EXPENSES**

For the Year Ended June 30, 2019

	Aboriginal Languages/Cultural Programs	Administration	School Programs	Total
<b>SALARIES:</b>				
Non-instructional Staff	-	\$ 58,000	\$ 77,944	\$ 135,944
Board/Trustee Honoraria	-	5,700	-	5,700
<b>EMPLOYEE BENEFITS</b>				
Employee Benefit/Allowance	-	4,121	9,837	13,958
<b>SERVICES PURCHASED/ CONTRACTED</b>				
Utilities & Leases				
Travel	-	-	2,308	2,308
Rentals/Leases	3,000	318	5,658	8,976
Others	-	6,250	12,000	18,250
Contracted Services	-	1,969	-	1,969
<b>MATERIALS/SUPPLIES/FREIGHT</b>				
Materials	739	15,629	40,817	57,185
Freight	114	950	-	1,064
<b>Total</b>	<u>\$ 3,853</u>	<u>\$ 93,995</u>	<u>\$ 218,344</u>	<u>\$ 316,192</u>

**ULUKHAKTOK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 19,551	\$ 12,468
Due from Related Parties	2,178	3,771
Accounts Receivable	<u>(364)</u>	<u>-</u>
	<u>21,365</u>	<u>16,239</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	719	1,014
Payroll Liabilities	610	924
Deferred Revenue	<u>13,518</u>	<u>-</u>
	<u>14,847</u>	<u>1,938</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 6,518</u>	<u>\$ 14,301</u>

**ULUKHAKTOK DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL OPERATIONS**  
For the Year Ended June 30, 2019

	2019 Budget <u>(Unaudited)</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
Contributions from Divisional Council	\$ 42,861	\$ 42,861	\$ 67,457
Other ECE contributions	52,500	54,162	46,677
Other contributions	-	200	1,669
Rentals	-	384	2,946
Other	<u>16,982</u>	<u>13,676</u>	<u>31,383</u>
<b>TOTAL REVENUE</b>	<u>112,343</u>	<u>111,283</u>	<u>150,132</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	-	3,586	24,864
Administration	18,090	15,963	42,614
School Programs	<u>94,253</u>	<u>99,517</u>	<u>91,364</u>
<b>TOTAL EXPENSES</b>	<u>112,343</u>	<u>119,066</u>	<u>158,842</u>
<b>OPERATING DEFICIT</b>	-	(7,783)	(8,710)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>14,301</u>	<u>14,301</u>	<u>23,011</u>
<b>CLOSING ACCUMULATED SURPLUS</b>	<u>\$ 14,301</u>	<u>\$ 6,518</u>	<u>\$ 14,301</u>

**ULUKHAKTOK DISTRICT EDUCATION AUTHORITY**  
**DETAILS OF EXPENSES**  
For the Year Ended June 30, 2019

	Aboriginal Languages/Cultural <u>Programs</u>	<u>Administration</u>	School <u>Programs</u>	<u>Total</u>
<b>SALARIES:</b>				
Non-instructional Staff	\$ 3,586	\$ 3,119	\$ 66,252	\$ 72,957
Board/Trustee Honoraria	-	8,825	2,275	11,100
<b>EMPLOYEE BENEFITS</b>				
Employee Benefit/Allowance	-	309	2,789	3,098
<b>SERVICES PURCHASED/ CONTRACTED</b>				
Student Travel	-	-	4,648	4,648
Others	-	1,380	5,200	6,580
<b>MATERIALS/SUPPLIES/FREIGHT</b>				
Materials	-	2,330	18,353	20,683
<b>Total</b>	<u>\$ 3,586</u>	<u>\$ 15,963</u>	<u>\$ 99,517</u>	<u>\$ 119,066</u>

**NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL  
STATEMENT OF FINANCIAL POSITION**

For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 10,658,739	\$ 8,988,662
Accounts Receivable	191,385	329,418
Restricted Assets	<u>282,512</u>	<u>282,334</u>
	<u>11,132,636</u>	<u>9,600,414</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	809,560	754,652
Due to Related Parties	66,369	127,397
Payroll Liabilities	4,896,850	3,085,474
Employee Deductions Payable	1,970	2,586
Deferred Revenue	1,170,826	60,879
Post-Employment Benefits	2,808,281	3,083,496
Trust Liabilities	<u>282,511</u>	<u>282,334</u>
	<u>10,036,367</u>	<u>7,396,818</u>
<b>NET FINANCIAL RESOURCES</b>	<u>1,096,269</u>	<u>2,203,596</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid Expenses	<u>4,516</u>	<u>8,181</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,100,785</u>	<u>\$ 2,211,777</u>

**NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL**  
**STATEMENT OF FINANCIAL OPERATIONS**

For the Year Ended June 30, 2019

	2019 Budget (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
<b>REVENUE</b>			
<b>Government of the NWT</b>			
Regular contributions	\$ 29,257,170	\$ 30,073,557	\$ 29,046,637
Other ECE contributions	90,000	1,126,638	1,315,852
Other contributions	<u>50,000</u>	<u>293,636</u>	<u>304,186</u>
<b>Total Government of the NWT</b>	<u>29,397,170</u>	<u>31,493,831</u>	<u>30,666,675</u>
<b>Government of Canada</b>			
Jordan Prinicpal	-	2,387,257	-
Other Government of Canada	-	8,200	950
<b>Total Government of Canada</b>	<u>-</u>	<u>2,395,457</u>	<u>950</u>
<b>Board Generated Funds</b>			
Investment Income	110,000	162,271	129,169
Other	<u>723,158</u>	<u>548,342</u>	<u>341,316</u>
<b>Total Board Generated Funds</b>	<u>833,158</u>	<u>710,613</u>	<u>470,485</u>
<b>TOTAL REVENUE</b>	<u>30,230,328</u>	<u>34,599,901</u>	<u>31,138,110</u>
<b>EXPENSES</b>			
Aboriginal Languages/Cultural Programs	2,587,513	2,299,203	3,133,336
Administration	3,282,354	2,475,623	2,547,337
Inclusive Schooling	5,163,040	7,297,108	5,653,162
School Programs	20,773,471	22,619,115	19,877,711
Student Accommodations	140,920	169,103	136,391
Operations & Maintenance	<u>825,000</u>	<u>850,741</u>	<u>730,441</u>
<b>TOTAL EXPENSES</b>	<u>32,772,298</u>	<u>35,710,893</u>	<u>32,078,378</u>
<b>OPERATING DEFICIT</b>	(2,541,970)	(1,110,992)	(940,268)
<b>OPENING ACCUMULATED SURPLUS</b>	<u>2,211,777</u>	<u>2,211,777</u>	<u>3,152,045</u>
<b>CLOSING ACCUMULATED SURPLUS (DEFICIT)</b>	<u>\$ (330,193)</u>	<u>\$ 1,100,785</u>	<u>\$ 2,211,777</u>

**NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL**  
**DETAILS OF EXPENSES**  
For the Year Ended June 30, 2019

	Aboriginal Languages/Cultural Programs	Administration	Inclusive Schooling	School Programs	Student Accommodations	Operations & Maintenance	Total
<b>SALARIES:</b>							
Teachers	\$ 1,163,425	\$ -	\$ 1,471,398	\$ 12,699,408	\$ -	\$ -	\$ 15,334,231
Instruction Assistants	-	-	-	36,145	-	-	36,145
Non-instructional Staff	212,842	1,141,391	3,523,383	2,409,882	-	-	7,287,498
Board/Trustee Honoraria	127,591	39,080	-	33,192	-	-	199,863
<b>EMPLOYEE BENEFITS</b>							
Employee Benefit/Allowance	487,265	497,979	1,990,454	4,759,430	-	190,976	7,926,104
Leave and Termination	-	-	-	35,474	-	-	35,474
<b>SERVICES PURCHASED/ CONTRACTED</b>							
Professional/Technical Services	-	63,061	2,388	-	-	-	65,449
Postage/Communication	830	29,985	-	98,032	3,920	-	132,767
Utilities & Leases	-	-	-	6,128	-	-	6,128
Travel	84,061	147,965	101,948	467,384	5,583	4,955	811,896
Student Travel	31,690	-	-	147,751	159,350	-	338,791
Advertising/Printing/Publishing	-	3,900	-	-	-	-	3,900
Maintenance/Repair	8,137	16,369	-	102,079	-	-	126,585
Rentals/Leases	15,125	12,471	6,850	143,236	-	155,073	332,755
Others	3,000	35,858	2,320	18,004	-	499,737	558,919
Contracted Services	18,145	96,621	95,260	381,587	-	-	591,613
<b>MATERIALS/SUPPLIES/FREIGHT</b>							
Materials	106,591	96,083	38,176	794,786	250	-	1,035,886
Furniture and Equipment	10,716	90,852	58,957	244,584	-	-	405,109
Freight	4,084	14,166	5,974	92,805	-	-	117,029
<b>CONTRIBUTIONS/TRANSFERS</b>							
Transfers - Other	25,701	189,842	-	149,208	-	-	364,751
<b>Total</b>	<u>\$ 2,299,203</u>	<u>\$ 2,475,623</u>	<u>\$ 7,297,108</u>	<u>\$ 22,619,115</u>	<u>\$ 169,103</u>	<u>\$ 850,741</u>	<u>\$ 35,710,893</u>



**Commission scolaire francophone  
Territoires du Nord-Ouest**

**Financial Statements**

**June 30, 2019**

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**Commission scolaire francophone Territoires du Nord-Ouest**

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## Commission scolaire francophone Territoires du Nord-Ouest

### Généralités

L'objectif du rapport de gestion consiste à expliquer, du point de vue du bureau central, la situation financière et les perspectives d'avenir de la Commission scolaire francophone TNO. Le rapport de gestion est la responsabilité de la direction générale et du Conseil des commissaires de la Commission scolaire francophone TNO et sert à promouvoir la transparence et la reddition de comptes.

Les objectifs de la gestion financière de la Commission scolaire francophone TNO se résument en deux objectifs :

- 1) Fournir les meilleurs programmes d'éducation possibles selon les ressources financières allouées.
- 2) Gérer les ressources financières avec compétence et être redevable de ces ressources financières devant le ministère de l'Éducation, de la Culture et de la Formation des Territoires du Nord-Ouest et le gouvernement du Canada.

La vision de la Commission scolaire francophone TNO est de permettre à l'élève de développer ses compétences et de cultiver ses talents, selon ses besoins spécifiques, dans une perspective de développement global de sa personne et de son identité francophone.

Selon la *Loi sur l'Éducation des Territoires du Nord-Ouest*, la Commission scolaire francophone compte six sièges de commissaires élus, trois à Yellowknife et trois à Hay-River.

Ce sont les commissaires qui supervisent la gestion de la Commission scolaire et des écoles. En fait, ils constituent le lien entre les élèves, les parents, les écoles et les deux paliers de gouvernement.

Les commissaires au titre de l'exercice fiscal-2018-19-sont-comme-suit:-

<b>Nom</b>	<b>Titre</b>
Simon Cloutier	Président
Sarah Poitras	Vice-présidente
Jean De Dieu Tuyishime	Commissaire
Nicole Fournier	Commissaire
Marie-Eve Martel	Commissaire
Michael St-Amour	Commissaire

La-Commission-scolaire-francophone-TNO-gère-deux-écoles-publiques-en-français-langue-première-de-la-prématernelle-à-la-12<sup>e</sup>-année:-

- l'école Allain St-Cyr-à-Yellowknife-et-
- -l'école Boréale à Hay River.-

### Personnel de la Commission scolaire francophone

En-2018-19,-le-personnel-(en-terme-de-FTE)-de-la-CSFTNO-se-chiffrait-à-37.0-FTE-et-se-présente-comme-suit:-

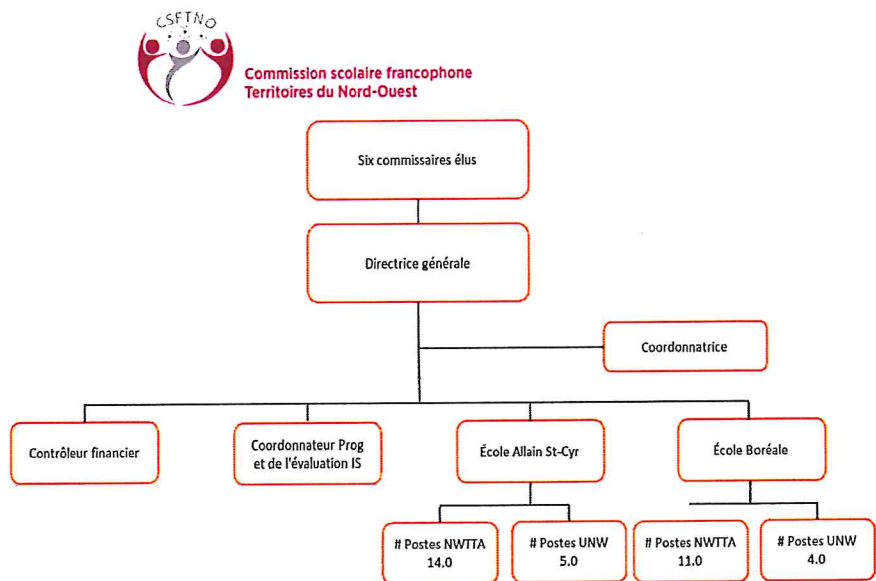
- Bureau-central:-3-FTE-
- École-Allain-St-Cyr-(EASC):-19-FTE-
- École-Boréale:-15-FTE-

### Effectif des élèves

Au-30-septembre-2018,-129.5-élèves-fréquentaient-l'école Allain St-Cyr-et-93.0-l'école Boréale.-

## Organigramme de la Commission scolaire francophone

L'organigramme de la Commission scolaire francophone des TNO pour l'année 2018-2019 se présente comme suit:--



## Plan stratégique 2015-2020

La Commission scolaire a adopté son Plan stratégique 2015-2020 le 17 décembre 2015. Le plan comprend 5 priorités:--

- La réussite et le bien-être de chaque élève;--
- Espace francophone et communautaire;--
- Engagement des parents et des familles;--
- L'école francophone, le premier choix des parents;--et--
- Gestion et gouvernance efficaces.--

### Priorité : La réussite et le bien-être de chaque élève

- Développer les compétences à l'ère numérique chez nos élèves de la maternelle à la 12e année;--
- Appuyer nos élèves à partir d'une compréhension commune de « la réussite » et du « bien-être »;--
- Améliorer la diversité et la qualité des programmes et des services offerts--

dans-nos-écoles;-

- Entretien-un-climat-sain,-inclusif-et-sécuritaire-dans-nos-écoles;--
- Assurer l'utilisation efficace et judicieuse des technologies-informatiques-et-de communication pour améliorer l'expérience d'apprentissage;--
- Maintenir-un-personnel-engagé-et-compétent;--
- Assurer le développement professionnel continu et l'échange de pratiques qui-favorisent-la-réussite-et-le-bien-être-des-élèves;-et--
- Favoriser le développement de l'autonomie chez-les-élèves-tout-au-long-de-leur-parcours-scolaire.-

-

#### Priorité : Espace francophone et communautaire

- Favoriser-le-développement-de-la-construction-identitaire-chez-nos-élèves;--
- Renforcer- les- partenariats- avec- la- communauté- pour- appuyer- l'apprentissage de chaque élève;-et--
- Promouvoir la valeur ajoutée de l'éducation en français langue première et de-la-dualité-linguistique-canadienne.-

-

#### Priorité : Engagement des parents et des familles

- Impliquer- nos- parents- comme partenaires dans l'apprentissage et l'épanouissement de leur enfant;--
- Aider nos parents afin qu'ils puissent accompagner leur enfant;-et--
- Assurer-une-communication-ouverte-et-soutenue-avec-les-parents.-

-

#### Priorité : L'école francophone, le premier choix des parents

- Assurer-la-pérennité-et-la-vitalité-de-nos-écoles;-et--
- Favoriser-la-rétention-et-le-recrutement-des-élèves.-

-

#### Priorité : Gestion et gouvernance efficaces

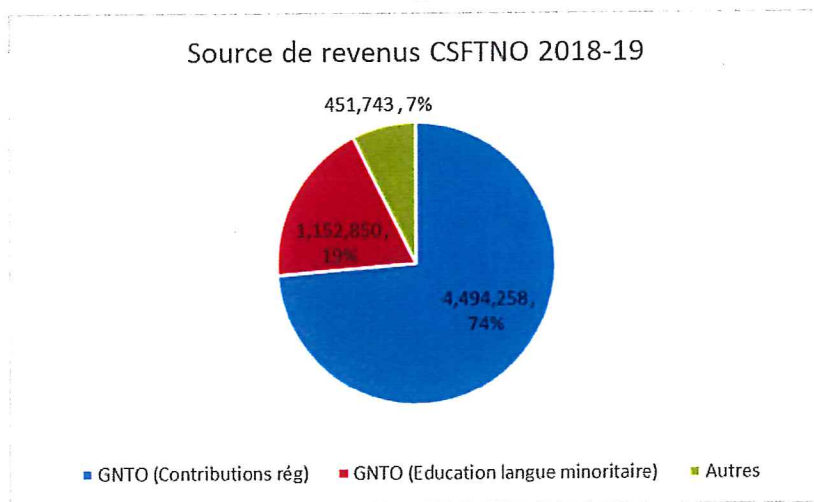
- Mettre-à-jour-les-politiques-de-gouvernance-de-la-CSFTNO;--
  - Renforcer-les-capacités-de-leadership-au-sein-de-la-CSFTNO;-et--
  - Améliorer la communication et la diffusion d'information auprès des parents et-des-membres-de-la-communauté.-
-



## Revenus

La source principale de revenu provient du Gouvernement des Territoires du Nord-Ouest. Cette source de revenu est majoritairement divisée en 3 catégories :-

- Les contributions régulières calculées par le Cadre de financement scolaire des Territoires du Nord-Ouest (4.494-M\$);-
- La contribution provenant de l'entente *Enseignement en français langue de la minorité* de Patrimoine canadien (1.153-M\$);-
- Les autres revenus provenant essentiellement des autres contributions du gouvernement (GTNO) et du Principe de Jordan s'élèvent à 452 k\$-



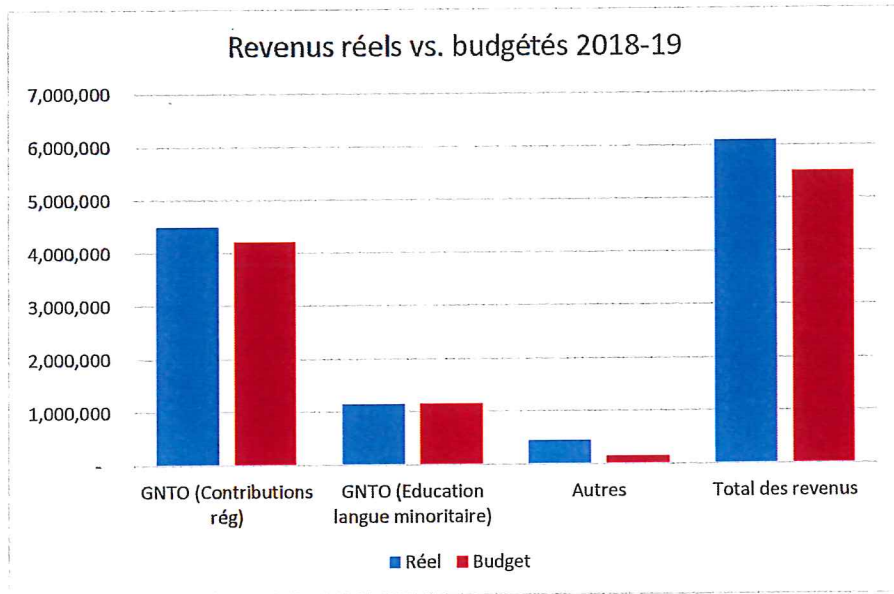
En-2018-2019, -la-Commission-scolaire-francophone-TNO-a-enregistré-des-revenus-d'une-somme-de-6.099-M\$-comparativement-à-un-montant-budgété-de-5.504-M\$. - Cette-variance-de-595-k\$-s'explique principalement par les facteurs suivants :-

- Une hausse des contributions régulières de 287-k\$, - notamment due au financement exceptionnel<sup>1</sup>-obtenu-de-236-k\$. - Cela fait suite au respect des conditions cumulatives des critères de variation absolue (hausse minimale de 10 élèves par rapport à l'année scolaire précédente) et de variation relative (la hausse doit représenter au moins 8%)-

<sup>1</sup>-Extraordinary-Enrolment-Fund-

- La mise en place du Programme «-Principe de Jordan-»-qui a permis le financement de trois élèves autochtones à besoins spéciaux pour un montant de 157 k\$-
- 
- Une levée de fonds à hauteur de 105 k\$ qui a servi exclusivement au financement de l'aménagement du gymnase de l'école Allain St-Cyr.-
- 

Voici un tableau illustrant les revenus réels comparativement aux revenus budgétés:-





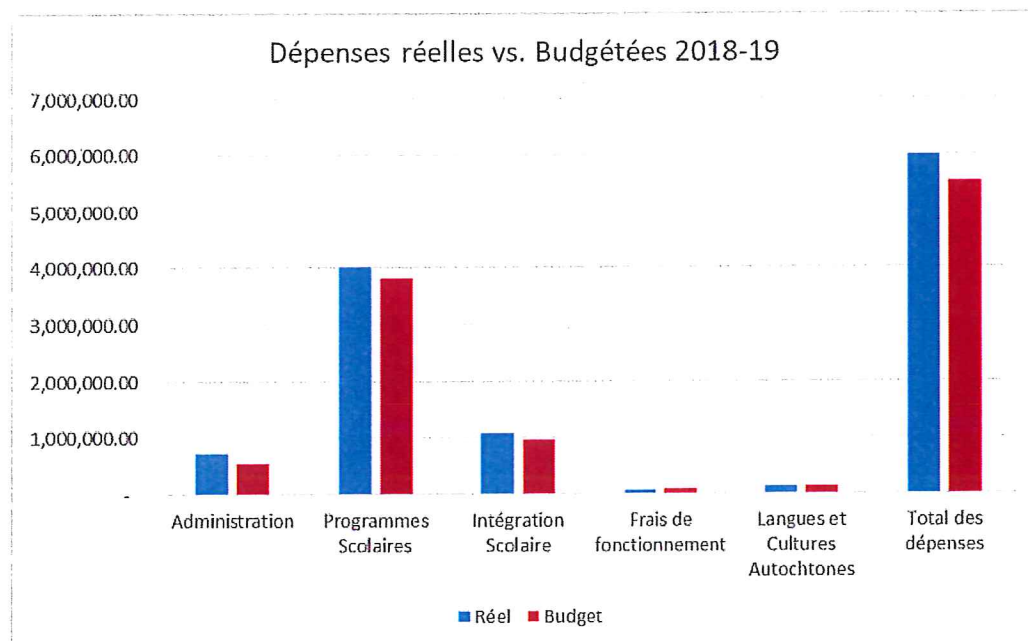
## Dépenses

Le total des dépenses de la Commission scolaire francophone TNO au 30 juin 2019 se chiffre à 7.36-M\$ comparativement à un budget approuvé de 5.532-M\$, soit un léger dépassement de 1.83-M\$.-

Ce dépassement s'explique essentiellement par les facteurs suivants:-

- Une hausse des dépenses opérationnelles de 341-k\$ compensées par le financement obtenu du Principe de Jordan et du financement exceptionnel obtenu (*Extraordinary Enrolment Fund*);-
- Une hausse des frais d'avocat dans le cas du procès des admissions scolaires d'environ 106 k\$ dont une partie sera remboursée dans le cadre du Programme de contestation judiciaire;-
- Les travaux d'aménagement du gymnase de 111 k\$ ;-
- Une dépense extraordinaire de 1.269-M\$ relative aux dépens réclamés par le GTNO dans le cadre du procès contre la CSFTNO.- Cette dépense fera l'objet d'une entente de règlement supposée débiter en 2020-2021.-

Voici un tableau illustrant les dépenses réelles comparativement (hors dépense extraordinaire) aux dépenses budgétées par programme:-



## Programmes

### Administration-

-  
-  
- La-section-administration-comprend-les-dépenses-pour-les-salaires-et-bénéfices-des-employés-au-bureau-central,-les-honoraires-du-Conseil-d'administration,-les-honoraires-des-différents-consultants-(incluant-les-frais-d'avocat)-et-les-dépenses-administratives-de-la-Commission-scolaire-francophone-TNO.- Le-total-des-dépenses-réelles-(hors-dépense-extraordinaire)-s'élève-à-0.727-M\$-(incluant-les-frais-d'avocat-dans-le-cadre-du-procès-sur-les-admissions-scolaires-et-les-frais-d'aménagement-du-gymnase)-versus-un-budget-de-0.533-M\$.- La-dépense-extraordinaire-s'élève-à-1.269-M\$.-  
-  
-

### Programmes-scolaires-

-  
- Cette-section-inclut-les-dépenses-opérationnelles-des-écoles-telles-que-les-salaires-et-bénéfices-des-enseignants,-aide-enseignants,-consultants,-secrétaires-et-concierges.- Les-programmes-scolaires-comprennent-également-les-frais-de-développement-professionnel,-le-transport-par-autobus,-les-matériaux-scolaires-et-les-fournitures-scolaires-dans-les-écoles.-Les-dépenses-encourues-et-réalisées-se-chiffrent-à-4.011-M\$-contre-un-budget-de-3.825-M\$.-  
-

### Intégration-Scolaire--

-  
- Les-dépenses-pour-l'intégration-scolaire-permettent-aux-écoles-d'inclure-tous-les-élèves-et-d'assurer-leur-participation-dans-les-classes-régulières.- Cette-section-inclue-les-salaires-et-avantages-sociaux-des-enseignants,-les-adjoint(e)s-au-programme-de-soutien,-le-développement-professionnel,-les-matériaux-et-fournitures-de-classe-associés-au-programme-d'intégration-scolaire.-Les-dépenses-réelles-sont-restées-en-dessous-du-montant-budgeté-et-s'élèvent-à-1.064-M\$-contre-un-montant-budgeté-de-0.966-M\$.-  
-

### Frais-de-fonctionnement-

-  
- Les-frais-de-fonctionnement-se-sont-élevés-à-.061-M\$-versus-un-budget-de-.082-M\$.-  
-  
-

## Langue-et-cultures-autochtones-

Ce programme comprend les salaires et avantages sociaux des enseignants, ainsi que les matériaux et les fournitures reliés au programme de Langue et culture autochtones. L'exercice fiscal 2018-2019 s'est soldé par des dépenses réelles de 0.131 M\$ contre un budget de 0.126 M\$.

## Perspectives 2019-20

L'année 2018-2019 a été marquée par le procès sur les admissions scolaires et la décision du GTNO de réclamer le montant des dépens payés à la CSFTNO pour un montant de 1.269 M\$. Au sujet des admissions scolaires, le refus de la Ministre d'accepter l'admission de quelques cas que le Conseil d'administration et la direction générale ont estimés recevables ouvrira la voie à un appel en court. La haute direction a donc décidé de consacrer une partie des ressources à la résolution de ce litige.

Par ailleurs, la dépense extraordinaire qui doit faire l'objet d'un plan de remboursement est venue aggraver le déficit de la CSFTNO. Selon la loi sur l'éducation, la CSFTNO devra soumettre un plan de recouvrement de cette dépense.

Enfin, la CSFTNO expérimente une augmentation de l'effectif des élèves à École Allain-St-Cyr (au moins 20 élèves représentant environ 16%) qui ouvrirait droit pour la deuxième consécutive à l'obtention d'un financement extraordinaire dont le montant n'est pas encore connu.

## Sommaire

En 2018-19, la Commission scolaire francophone TNO a approuvé un surplus opérationnel (hors évaluation actuarielle des retraites, hors dépense extraordinaire et hors honoraires d'avocat) de 108,828.74\$ contre un déficit budgété de 28,870\$.

La prise en compte de tous les éléments non opérationnels aboutit à un déficit de 1.262 M\$ créant ainsi un déficit cumulé de 1.244 M\$.

Malgré ce déficit, les fonds budgétés pour l'année fiscale 2018-2019 s'enlignent avec le Plan stratégique 2015-2020 dans le but de continuer à offrir un excellent programme d'éducation en français langue première dans nos deux écoles. –

Nous souhaitons une bonne rentrée scolaire à tous les élèves et employés de la Commission scolaire francophone TNO. –

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**To the Minister of Education, Culture and Employment  
Government of the Northwest Territories**

**Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2019**

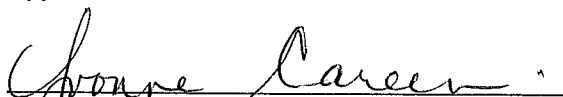
The Management Discussion and Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed and approved by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Commission scolaire francophone Territoires du Nord-Ouest ("the Commission") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

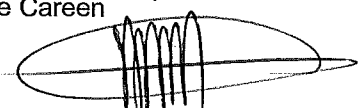
Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Commission have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Authority Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Commission

  
Yvonne Careen **Directrice générale**

  
Marc Akpoe, MBA, CPA, CMA, FRA **Contrôleur financier**

**September 23, 2019**



## Independent Auditors' Report

To the Minister of Education, Culture and Employment  
Government of the Northwest Territories

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Commission Scolaire Francophone Territoires du Nord-Ouest ("the Commission") which comprise the statement of financial position as at June 30, 2019 and the statements of operations, changes in net financial asset, and its cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matters described in the *Basis of Qualified Opinion* paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2019 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for Qualified Opinion**

Salaries and benefits paid to management and employees of the Commission are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories. Our audit scope was limited as we did not audit the components of salaries and benefits expenses and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to salaries and benefits expenses, employee deductions payable, vacation payable, salaries and wages payable, post-employment benefits payable and accumulated surplus (deficit).

During the year, the Commission generated a significant amount of revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Commission. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, operating deficit, cash flows from operations, current assets and accumulated deficit for the year ended June 30, 2019. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 our report. We are independent of the Commission in accordance with the 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 Information**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis, but does not include the financial statements and our auditors' 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.

## Independent Auditors' Report (continued)

### ***Responsibilities for 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 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.

### ***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 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.





## **Independent Auditors' Report (continued)**

### ***Report on Other Legal and Regulatory Requirements***

In conjunction with the audit of the financial statements, we have audited transactions of the Commission coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Government of the Northwest Territories - Department of Education, Culture and Employment.

In our opinion, the transactions of the Commission 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.

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

**Yellowknife, Northwest Territories  
September 23, 2019**

*Crowe MacKay LLP*

**Chartered Professional Accountants**



Commission scolaire francophone Territoires du Nord-Ouest

Statement of Financial Position

As at June 30, 2019 2018

Financial Assets

Cash (Note 4)	\$ 1,474,672	\$ 1,663,870
Accounts receivable (Note 8)	131,704	116,571
	<b>1,606,376</b>	<b>1,780,441</b>

Liabilities

Accounts payable and accrued liabilities (Note 10)	1,950,408	770,530
Payroll liabilities (Note 10)	466,387	425,695
Deferred revenue (Note 11)	3,500	37,365
Post-employment benefits (Note 17)	438,004	539,726
	<b>2,858,299</b>	<b>1,773,316</b>

Net financial assets (liabilities) (1,251,923) 7,125

Non-financial assets


Prepaid expenses and deposits (Note 20)	7,721	10,421
Accumulated surplus (deficit)	\$ (1,244,202)	\$ 17,546


Represented By:

Operating surplus (deficit) \$ (1,244,202) \$ 17,546

Contractual obligations and contingencies (Note 22 and 23)

Approved on behalf of the Board:

  
Trustee  
Simon Cloutier

  
Trustee  
Jean de Dieu TOYISHIME

Commission scolaire francophone Territoires du Nord-Ouest

Statement of Operations

For the year ended June 30,	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
<b>Government of the NWT</b>			
ECE Regular contributions	\$ 4,207,035	\$ 4,494,258	\$ 4,329,408
French language instruction	1,152,850	1,152,850	1,152,850
ECE Other contributions (Note 32)	109,500	92,449	110,925
<b>Total GNWT ECE</b>	<b>5,469,385</b>	<b>5,739,557</b>	<b>5,593,183</b>
GNWT Other contributions (Note 33)	-	40,711	33,384
<b>Total GNWT</b>	<b>5,469,385</b>	<b>5,780,268</b>	<b>5,626,567</b>
<b>Government of Canada</b>			
Jordan's Principle	-	156,209	-
Other contributions	24,250	-	25,531
	<b>24,250</b>	<b>156,209</b>	<b>25,531</b>
<b>Education body generated funds</b>			
Northwest Territories Teachers' Association Contributions	-	24,397	-
Interest	10,000	32,050	22,588
Other revenue	-	930	1,598
	<b>10,000</b>	<b>57,377</b>	<b>24,186</b>
	<b>5,503,635</b>	<b>5,993,854</b>	<b>5,676,284</b>
<b>Expenses (Schedule 1)</b>			
Administration	533,057	727,344	631,768
School programs	3,824,933	4,011,034	4,249,102
Inclusive schooling	966,307	1,064,475	834,534
Operations and maintenance	82,000	60,096	1,805
Aboriginal languages	126,207	130,792	159,550
	<b>5,532,504</b>	<b>5,993,741</b>	<b>5,876,759</b>
<b>Operating deficit before other items</b>	<b>(28,869)</b>	<b>113</b>	<b>(200,475)</b>
<b>Other items</b>			
Post-employment benefit recovery (Note 17)	-	13,942	16,825
Grant in-kind - Assets provided at no cost (Note 21)	-	813,376	344,165
Rent expense - Assets provided at no cost (Note 21)	-	(813,376)	(344,165)
Repayment to GNWT (Note 24)	-	(1,269,573)	-
Special purpose fund - fundraising revenue (Note 5)	-	104,997	13,986
Special purpose fund - fundraising expense (Note 5)	-	(111,227)	-
<b>Adjusted operating deficit</b>	<b>(28,869)</b>	<b>(1,261,748)</b>	<b>(169,664)</b>
<b>Opening accumulated surplus</b>	<b>17,546</b>	<b>17,546</b>	<b>187,210</b>
<b>Closing accumulated surplus (deficit)</b>	<b>\$ (11,323)</b>	<b>\$ (1,244,202)</b>	<b>\$ 17,546</b>

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**Commission scolaire francophone Territoires du Nord-Ouest**

**Statement of Changes in Net Financial Assets (Liabilities)**

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<b>For the year ended June 30,</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Adjusted operating deficit</b>	\$ (28,869)	\$ (1,261,748)	\$ (169,664)
<b>Use (acquisition) of prepaid expenses and deposits</b>	-	2,700	(2,415)
<b>Decrease in net financial assets</b>	<b>(28,869)</b>	<b>(1,259,048)</b>	<b>(172,079)</b>
<b>Net financial assets, beginning of year</b>	<b>7,125</b>	<b>7,125</b>	<b>179,204</b>
<b>Net financial assets (liabilities), end of year</b>	\$ <b>(21,744)</b>	\$ <b>(1,251,923)</b>	\$ <b>7,125</b>

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Commission scolaire francophone Territoires du Nord-Ouest

**Statement of Cash Flows**

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For the year ended June 30,	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating transactions</b>		
Operating deficit	\$ (1,261,748)	\$ (169,664)
<b>Changes in non-cash assets and liabilities</b>		
Decrease (increase) in accounts receivable	(15,133)	89,983
Increase in accounts payable	1,179,878	136,141
Increase (decrease) in payroll liabilities	40,692	(30,816)
Increase (decrease) in deferred revenue	(33,865)	25,065
Decrease in post-employment benefits	(101,722)	(70,799)
Decrease (increase) in prepaid expenses and deposits	2,700	(2,415)
<b>Decrease in cash</b>	<b>(189,198)</b>	<b>(22,505)</b>
<b>Cash at beginning of year</b>	<b>1,663,870</b>	<b>1,686,375</b>
<b>Cash at end of year</b>	<b>\$ 1,474,672</b>	<b>\$ 1,663,870</b>

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Commission scolaire francophone Territoires du Nord-Ouest

Schedule 1  
Details of Expenses

For the year ended June 30, 2019

	School Programs	Inclusive Schooling (schedule 4)	Operations and Maintenance	Administration	Aboriginal Languages (schedule 2)	Total 2019	Budget 2019	Total 2018
<b>Salaries</b>								
Teacher salaries	\$ 3,074,668	\$ 308,351	\$ -	\$ -	\$ 53,601	\$ 3,436,620	\$ 3,452,731	\$ 3,612,478
Instruction assistants	115,375	513,971	-	-	-	629,346	555,478	476,989
Non-instruction staff	326,847	152,959	-	391,180	-	870,986	860,389	828,798
Board/trustee honoraria	-	-	-	33,904	16,697	50,601	42,000	33,555
Elders in schools	-	-	-	-	10,125	10,125	10,000	8,858
	3,516,890	975,281	-	425,084	80,423	4,997,678	4,920,598	4,960,678
<b>Employee Benefits</b>								
Employee benefit	-	-	33,111	-	-	33,111	33,000	28,160
Leave and termination	-	-	26,985	-	-	26,985	45,000	(26,355)
	-	-	60,096	-	-	60,096	78,000	1,805
<b>Services Purchased/Contracted</b>								
Advertising/Publishing	5,050	-	-	38,359	-	43,409	8,500	44,670
Communication	13,332	-	-	13,448	-	26,780	21,240	28,119
Contracted services	73,888	41,912	-	157,603	-	273,403	36,000	157,215
Maintenance & repairs	40,530	-	-	-	-	40,530	24,500	23,711
Other	34,045	25,778	-	29,361	-	89,184	84,700	105,700
Rental/leases	35,629	-	-	3,632	-	39,261	13,500	112,030
Student travel	58,793	-	-	-	-	58,793	58,000	52,455
Travel	24,899	4,494	-	36,551	15,510	81,454	59,679	79,250
	286,166	72,184	-	278,954	15,510	652,814	306,119	603,150
<b>Supplies and Materials</b>								
Freight	2,573	-	-	163	-	2,736	1,750	4,481
Materials	205,405	17,010	-	23,143	34,859	280,417	226,037	306,645
	207,978	17,010	-	23,306	34,859	283,153	227,787	311,126
<b>Total</b>	<b>\$ 4,011,034</b>	<b>\$ 1,064,475</b>	<b>\$ 60,096</b>	<b>\$ 727,344</b>	<b>\$ 130,792</b>	<b>\$ 5,993,741</b>	<b>\$ 5,532,504</b>	<b>\$ 5,876,759</b>

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Commission scolaire francophone Territoires du Nord-Ouest

Schedule 2  
Details of Aboriginal Language and Culture Expenses

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For the year ended June 30, 2019

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	Student Instructions	School Activities & Integrated Community Programs	Total
<b>Salaries</b>			
ALCBE teachers	\$ 53,601	\$ -	\$ 53,601
Honoraria	-	16,697	16,697
Elders in the schools	-	10,125	10,125
	<b>53,601</b>	<b>26,822</b>	<b>80,423</b>
<b>Services Purchased/Contracted</b>			
Travel	-	15,510	15,510
	-	<b>15,510</b>	<b>15,510</b>
<b>Materials/Supplies/Freight</b>			
Materials	-	34,859	34,859
	<b>\$ 53,601</b>	<b>\$ 77,191</b>	<b>\$ 130,792</b>

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Commission scolaire francophone Territoires du Nord-Ouest

Schedule 3

Aboriginal Languages (contributions)

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For the year ended June 30, 2019

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<b>Contribution agreement</b>	<b>July 1 to March 31</b>	<b>April 1 to June 30</b>	<b>Total</b>
<b>Revenues</b>			
Funding received	\$ 75,906	\$ 50,102	\$ 126,008
	<b>75,906</b>	<b>50,102</b>	<b>126,008</b>
<b>Expenses</b>			
Salaries	64,532	15,892	80,424
Other	15,789	34,579	50,368
	<b>80,321</b>	<b>50,471</b>	<b>130,792</b>
<b>Net deficit</b>	<b>\$ (4,415)</b>	<b>\$ (369)</b>	<b>\$ (4,784)</b>

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Commission scolaire francophone Territoires du Nord-Ouest

Schedule 4  
**Details of Inclusive Schooling Expenses**

For the year ended June 30, 2019

	Staff Development	Student Resources	General Inclusive Schooling	Total
<b>Salaries</b>				
Non-Instructional Staff	\$ -	\$ -	\$ 152,959	\$ 152,959
Program support teachers	-	-	308,351	308,351
Support assistants	-	-	513,971	513,971
		-	<b>975,281</b>	<b>975,281</b>
<b>Services Purchased/Contracted</b>				
Contracted services	-	-	41,912	41,912
Other	25,778	-	-	25,778
Travel	-	-	4,494	4,494
	<b>25,778</b>	-	<b>46,406</b>	<b>72,184</b>
<b>Materials/Supplies/Freight</b>				
Freight	-	-	-	-
Materials	-	17,010	-	17,010
	-	<b>17,010</b>	-	<b>17,010</b>
	<b>\$ 25,778</b>	<b>\$ 17,010</b>	<b>\$ 1,021,687</b>	<b>\$ 1,064,475</b>



Commission scolaire francophone Territoires du Nord-Ouest

Schedule 5  
French Language Funding

For the year ended June 30, 2019

	Contributions from ECE	Commitments from Commission	Expenses	(Under) Over Funding
<b>STUDENT PARTICIPATION</b>				
School administration (salary)	\$ 275,000	\$ 20,000	\$ 321,844	\$ (26,844)
Retention bursaries	12,000	-	8,750	3,250
2 grade level per class (salary)	410,850	1,725,000	2,594,640	(458,790)
2 secretaries / librarian (salary)	70,000	48,000	174,276	(56,276)
<b>SCHOOL PROGRAMS</b>				
Cyber pedagogy (salary)	50,000	10,000	60,744	(744)
Technology resources	45,000	-	52,384	(7,384)
<b>PROGRAM ENRICHMENT</b>				
Partnership early childhood	25,000	-	5,000	20,000
Teacher assistants for francization (salary)	100,000	20,000	115,375	4,625
Art program	75,000	-	62,824	12,176
Cultural activities	30,000	-	45,215	(15,215)
French resource purchase	25,000	5,000	46,103	(16,103)
<b>EDUCATIONAL SUPPORT FOR PERSONNEL</b>				
Mentors in literacy and numeracy	10,000	-	44,613	(34,613)
Mentors in literacy and numeracy (O&M)	15,000	-	23,965	(8,965)
Professional development	10,000	10,000	53,551	(33,551)
<b>Total</b>	<b>\$ 1,152,850</b>	<b>\$ 1,838,000</b>	<b>\$ 3,609,284</b>	<b>\$ (618,434)</b>

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**Commission scolaire francophone Territoires du Nord-Ouest**

**Schedule 6  
Student Success Initiative**

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**For the year ended June 30, 2019**

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	<b>Total</b>
<b>Revenue - Government of the NWT Education, Culture, &amp; Employment</b>	<b>\$ 15,000</b>
<b>Expenses</b>	
<b>Salaries/Wages</b>	26,754
Facilitator fees	583
Substitute teacher	
<b>Total expenses</b>	<b>27,337</b>
<b>Deficit</b>	<b>\$ (12,337)</b>

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Commission scolaire francophone Territoires du Nord-Ouest

Schedule 7  
Jordan's Principle

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For the year ended June 30, 2019

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	Budget 2019	Actual 2019	Actual 2018
<b>Revenue</b>			
Government of Canada			
- First Nations and Inuit Health Branch			
Other funding	351,042	156,209	-
<b>Expenses</b>			
Personnel	-	141,816	-
Contracted services	-	2,940	-
<b>Total expenses</b>	-	144,756	-
<b>Net surplus</b>	\$ -	\$ 11,453	\$ -
<b>Deferred revenue</b>	\$ -	\$ 3,500	\$ -

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June 30, 2019

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## 1. Nature of the Organization

The Commission scolaire francophone Territoires du Nord-Ouest ("Commission") was established under the *Education Act* of the Government of the Northwest Territories ("GNWT") by order of the Minister dated November 7, 2000. A full range of instructional programs ranging from pre-kindergarten through Grade 12 is offered by the Commission in both Yellowknife and Hay River.

The Commission is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Commission includes all aspects of operation and management. The Commission is the lowest (and sole) level of government exercising oversight responsibility.

The Commission is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing the function of government in Canada is exempt from taxation.

## 2. Significant Accounting Policies

### (a) Basis of Accounting

The financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality. The financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity, which is composed of all organizations, two schools, which are controlled by the Commission.

The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

### (b) Cash

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

### (c) 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 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.

Financial assets subsequently measured at amortized cost include cash and accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities and post-employment benefits.

June 30, 2019

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## 2. Significant Accounting Policies (continued)

### (c) Financial Instruments (continued)

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.

### (d) Non-financial Assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver services that may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets of the Commission include prepaid expenses and deposits.

### (e) Tangible Capital Assets

All tangible capital assets used by the Commission are purchased by and are the property of the GNWT. The Minister grants to the Commission the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Tangible capital assets with a value of less than \$50,000 are recorded as a current expense.

The fair value of the use of the building and office space is estimated at its fair value and recognized as assets provided at no cost in the statement of operations.

### (f) Revenue Recognition

#### Government Transfers

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

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

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

June 30, 2019

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**2. Significant Accounting Policies (continued)**

**(f) Revenue Recognition (continued)**

**GNWT - Regular contributions**

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Commission retains surpluses and is responsible for deficits. Any funding requests over and above those levels provided by the formula must be first approved by the GNWT. The contribution revenue is recognized when received or receivable.

**GNWT - French minority language**

The French minority language contributions from the GNWT are determined by additional costs related to French minority language, and are received in two installments in November and February. The contribution revenue is recognized when received or receivable.

**Other contributions**

The Commission follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reliably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Funds received that are not expended at year-end are recorded as either deferred revenue or contributions repayable depending upon the terms of the contribution agreement.

**Deferred revenue**

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenses are incurred.

**Investment income**

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

**Special purpose funds**

School activity funds which are fully controlled by the Commission with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Commission are not included even if custody of the funds is held by the Commission. Examples of excluded funds might be student clubs or associations for which the Commission has no ongoing responsibility of liability for losses. See Note 5.

The distinctions between the treatment of School and Student activity funds are under review. See Note 3.

June 30, 2019

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## 2. Significant Accounting Policies (continued)

### (g) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The final priorities and funding allocations are determined by the Trustees of the Commission at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget. The budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture, and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue, expenses and net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Commission.

The budget may be amended within a given fiscal year in accordance with the Commission's policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the budget for the fiscal year. The budget has not been audited.

### (h) Measurement Uncertainty

The preparation of these 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 amounts of revenue and expenses during the period. Management makes accounting estimates when determining significant accrued liabilities, post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from these estimates, the impact of which would be recorded in future periods.

### (i) Inventories Including Materials and Supplies

Materials and supplies are considered a cost of operations and are expensed to the applicable program when received.

### (j) Payroll Liabilities

According to the Northwest Territories Teachers' Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued as a liability.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Commission determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff salaries are accrued to include earnings to June 30.

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June 30, 2019

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**2. Significant Accounting Policies (continued)**

**(k) Post-employment Benefits, Compensated Absences and Termination Benefits**

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 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

**(l) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses. Transfers include grants and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**(m) Foreign Currency Translation**

The Commission only transacts in Canadian dollars. As such there is no foreign currency translation.

**(n) Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organize or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; The Commission is directly responsible and accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2019.

At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Management at the Commission has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

**(o) Donated Goods and Services**

The school buildings occupied by the Commission are the property of the GNWT. The lease of the office space occupied by the Commission is paid for by the GNWT. The fair value of the use of the building and office space is estimated at its fair value and recognized as assets provided at no cost in the statement of operations.



June 30, 2019

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## 2. Significant Accounting Policies (continued)

### (p) Segment disclosure

The Schedule of Details of Expenses has been prepared in accordance with PS Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major expense activities of the Board. For each reported segment, expenses represent amounts directly attributable to each segment. Segments include:

**School Programs:** pertains to the provision of instructional services that falls under the basic public education mandate.

**Inclusive Schooling:** pertains to access to quality education for all students by effectively meeting their diverse needs.

**Operations and Maintenance:** pertains to the daily operation and maintenance of the Commission.

**Administration:** pertains to the provision of board governance and central office administration.

**Aboriginal Languages:** pertains to indigenous language resource development, support for language teachers and instructors, and enhance community engagement.

## 3. Future Accounting Changes

### Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after July 1, 2021 and it 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. This section would require public sector entities to review existing contract, legislation, regulations, and other resources to identify retirement activities associated with its controlled tangible capital assets.

### 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, 2022. Earlier adoption is permitted.

### Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the financial statements of the Commission in the future.

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**4. Cash**

	2019	2018
Cash	\$ 1,474,672	\$ 1,663,870

The cash is held in a bank account with Royal Bank of Canada (RBC).

**5. Special Purpose Funds - Fundraising Revenue**

Since 2017-18 fiscal year, the Commission has held several events in order to raise funds for the purchase of various equipment and accessories for the gymnasium. All of the expenses were incurred in current fiscal year, totaling \$112,927. As of June 30, 2019, the Commission recognized fundraising revenue of \$104,997 (2018: \$13,986).

**6. Restricted Assets**

The Commission does not have any restricted assets.

**7. Portfolio Investments**

The Commission does not have any portfolio investments.

**8. Accounts Receivable**

	Accounts Receivable 2019	Allowance for doubtful accounts 2019	Net 2019	Net 2018
Due from related parties	\$ 15,770	\$ -	\$ 15,770	\$ -
Due from GNWT	35,947	-	35,947	77,992
Trade and other receivables	80,317	330	79,987	38,579
	\$ 132,034	\$ 330	\$ 131,704	\$ 116,571

**9. Inventory**

The Commission does not have inventory.

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**10. Accounts Payable and Accrued Liabilities**

	2019	2018
Due to GNWT	\$ 1,663,846	\$ 590,184
Due to related parties	22,036	22,911
Due to Workers' Safety and Compensation Commission	(134)	4,801
Trade payable	264,660	152,634
	<b>\$ 1,950,408</b>	<b>\$ 770,530</b>

**Payroll Liabilities**

	2019	2018
NWTTA	\$ 307,311	\$ 313,084
UNW	39,718	55,007
Other	119,358	57,604
	<b>\$ 466,387</b>	<b>\$ 425,695</b>

**11. Deferred Revenue**

Deferred revenue consists of funding received for expenses not yet incurred at year end.

	2019	2018
<b>Government of the Northwest Territories</b>		
<b>Government of Canada</b>		
Indigenous Services Canada - Jordan's Principle	3,500	-
<b>Other</b>		
Fundraising campaign	-	37,365
	<b>\$ 3,500</b>	<b>\$ 37,365</b>

**12. Contributions Repayable**

The Commission does not have any contributions repayable.

**13. Due From and To the Government of Canada**

The Commission does not have amounts due from and to the Government of Canada.

**14. Capital Lease Obligations**

The Commission does not have capital lease obligations.

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**15. Pensions**

The Commission does not have pensions.

**16. Long-Term Debt**

The Commission does not have long-term debt.

**17. Post-Employment Benefits**

Under the conditions of employment, employees earn severance remuneration based on the number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. The payment of these benefits is dependent on employees leaving the Commission.

These liabilities are to be funded in the year they become due through regular annual budget allocations that are received from the GNWT.

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 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 employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

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

**Valuation results**

The actuarial valuation was completed as at March 31, 2019. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2019 and the results extrapolated to June 30, 2019. The values presented below are for all of the benefits under the post-employment benefits for the Commission.

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2019

17. Post-Employment Benefits (continued)

Changes in Obligation	Severance and Removal	Compensated Absences	2019	2018
Accrued benefit obligation beginning of year	\$ 183,864	\$ 56,826	\$ 240,690	\$ 242,372
Current period benefit cost	16,783	5,893	22,676	23,480
Interest accrued	7,265	2,253	9,518	8,385
Benefits payments	(45,230)	(42,549)	(87,779)	(53,974)
Actuarial loss	39,166	46,625	85,791	20,427
<b>Accrued benefit obligation end of year</b>	<b>201,848</b>	<b>69,048</b>	<b>270,896</b>	<b>240,690</b>
Unamortized net actuarial gain	151,548	15,560	167,108	299,036
<b>Total accrued liability</b>	<b>\$ 353,396</b>	<b>\$ 84,608</b>	<b>\$ 438,004</b>	<b>\$ 539,726</b>
Benefits Expense				
Current period benefit cost	\$ 16,783	\$ 5,893	\$ 22,676	\$ 23,480
Interest accrued	7,265	2,253	9,518	8,385
Amortization of gains	(34,269)	(11,867)	(46,136)	(48,690)
<b>Total benefits recovery</b>	<b>\$ (10,221)</b>	<b>\$ (3,721)</b>	<b>\$ (13,942)</b>	<b>\$ (16,825)</b>

The discount rate used in the 2019 fiscal year to determine the accrued benefit obligation was an average of 3.2% (2018 - 3.8%).

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**17. Post-Employment Benefits (continued)**

The expected payments during the next five fiscal years are:

	<b>Severance and Removal</b>	<b>Compensated Absences</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
2020	25,196	7,539	<b>32,735</b>
2021	25,837	8,090	<b>33,927</b>
2022	22,325	7,281	<b>29,606</b>
2023	19,702	6,357	<b>26,059</b>
2024	15,142	4,278	<b>19,420</b>
Next 5 years	84,042	26,475	<b>110,517</b>
<b>Total</b>	<b>192,244</b>	<b>60,020</b>	<b>252,264</b>

**18. Trust Assets Under Administration**

The Commission does not have trust assets under administration.

**19. Tangible Capital Assets**

The Commission does not have tangible capital assets.

**20. Prepaid Expenses and Deposits**

	<b>2019</b>	<b>2018</b>
Prepaid expenses	<b>\$ 7,721</b>	<b>\$ 10,421</b>

**21. GNWT Assets Provided At No Cost**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2019 Net Book Value</b>	<b>2018 Net Book Value</b>
Ecole Allain St-Cyr	\$ 17,122,293	\$ 2,165,822	\$ 14,956,471	\$ 1,759,610
Ecole Boreale	3,960,439	1,227,848	2,732,591	2,625,663
Ecole Allain St-Cyr Phase 1	4,490,598	1,330,948	3,159,650	3,289,499
Ecole Boreale Modular Units	1,189,060	301,613	887,447	920,014
Ecole Boreale Pellet Boiler	86,115	39,828	46,287	52,284
	<b>26,848,505</b>	<b>5,066,059</b>	<b>21,782,446</b>	<b>8,647,070</b>

Rent expense of \$813,376 (2018 - \$344,165) was offset by a grant in-kind.

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**22. Contractual Obligations**

The Commission has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2019.

The future minimum payments are as follows:

	<b>Expires in fiscal year</b>	<b>2020</b>	<b>2020-2023</b>	<b>Total</b>
<b>Equipment leases</b>				
Xerox B8055 MONO MFP	2024	\$ 3,109	\$ 10,882	\$ 13,991
Xerox C8045 COLOUR MFP	2024	4,011	14,040	18,051
Aficio MP C4502	2022	2,052	3,078	5,130
		<b>\$ 9,172</b>	<b>\$ 28,000</b>	<b>\$ 37,172</b>

**23. Contingencies**

The Commission does not have any contingencies to disclose as of June 30, 2019.

**24. Repayment to GNWT**

In early June 2012, a judgment was decreed in the legal action brought by the Commission against the GNWT to provide additional classroom space in Hay River and to assert the right to enrol students in both schools, and in a second legal action brought against the GNWT by L'Association des Parents Ayants Droit, with the support of the Commission, to provide additional classroom space in Yellowknife. In this judgment the GNWT was ordered by the Supreme Court of the Northwest Territories to reimburse \$1,127,287 to the Commission. Payment was received during the fiscal year ended June 30, 2014.

During the fiscal year ended June 30, 2015, the GNWT submitted an appeal and was successful. The Commission then submitted an appeal to the Supreme Court of Canada which was refused to be heard.

During this fiscal year, the GNWT has determined the costs owed by the Commission resulting from the appeal to be \$1,269,573. As such, this amount is recognized as a liability in current year. While the terms of repayment is to be determined, it is planned to commence in the fiscal year 2020-21.

**25. Related Parties**

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. These transactions have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The Commission is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance, and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end disclosed in the financial statements are summarized in this note as follows:

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**25. Related Parties (continued)**

<b>Due from related parties:</b>	<b>2019</b>		<b>2018</b>	
Government of Northwest Territories:				
Department of Education, Culture and Employment	\$	35,947	\$	77,992
Yellowknife Education District No. 1		15,700		-
	\$	<b>51,647</b>	\$	<b>77,992</b>

<b>Due to related parties:</b>	<b>2019</b>		<b>2018</b>	
Government of Northwest Territories:				
Department of Education, Culture and Employment	\$	4,072	\$	-
Department of Finance		2,126,161		1,014,109
Department of Infrastructure		-		1,770
		<b>2,130,233</b>		<b>1,015,879</b>
Other related parties:				
Dehcho Divisional Education Council		-		300
Hay River District Education Authority		22,036		2,898
Yellowknife Education District No.1		-		19,713
	\$	<b>2,152,269</b>	\$	<b>1,038,790</b>

<b>Revenue from related parties:</b>	<b>2019</b>		<b>2018</b>	
Government of Northwest Territories:				
Department of Education, Cultural and Employment		5,739,557		4,484,333
Department of Environment and Natural Resources		8,000		-
Department of Municipal and Community Affairs		27,600		30,024
Department of Health and Social Services		5,111		3,360
	\$	<b>5,780,268</b>	\$	<b>4,517,717</b>

<b>Expenses paid to related parties:</b>	<b>2019</b>		<b>2018</b>	
Dehcho Divisional Education Council	\$	300	\$	300
Hay River District Education Authority		48,228		36,118
Yellowknife Education District No.1		19,713		25,788
	\$	<b>68,241</b>	\$	<b>62,206</b>

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Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

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June 30, 2019

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**26. Budget Data**

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenses for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Commission.

The budget figures presented are those approved by the Department of ECE on September 13, 2018 and have not been audited.

**27. Economic Dependence**

The Commission receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Commission's operations would be significantly affected.

**28. Financial Instruments**

The Commission is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Commission's financial instruments is provided by type of risk below. The Commission is exposed to credit and liquidity risks from the its financial instruments. Qualitative and quantitative analysis of the significant risks from the Commission's financial instruments is provided by type of risk 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, restricted assets, and accounts receivable. The Commission holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash in accounts are insured up to \$100,000.

The Commission's maximum exposure to credit risk is represented by the financial assets balance comprised of:

	2019	2018
Cash	\$ 1,474,672	\$ 1,663,870
Accounts receivable	131,704	116,571
<b>Maximum credit exposure</b>	<b>\$ 1,606,376</b>	<b>\$ 1,780,441</b>

The is a concentration of credit risk in cash as the majority of the deposits are held in one Canadian chartered bank and the balance is in excess of the insurable limit.

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**28. Financial Instruments (continued)**

At June 30, 2019, the following accounts receivable were past due but not impaired:

	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>90+ Days</b>	<b>Total</b>
Accounts receivable	\$ 78,085	\$ -	\$ 1,478	\$ 52,141	\$ 131,704

There is also a concentration risk in accounts receivable as more than 10% of the total balance is from the Government of the Northwest Territories. At June 30, 2019, receivables from the GNWT comprised approximately 28% (2018 - 67%) of the total balance. The amounts represent a low credit risk as the debtors are reputable governments and government organizations with a good credit score. The Commission reduces its risk exposure by following up on old account receivables for collection.

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

**b) Liquidity risk**

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission 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.

The Commission's maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities, and payroll liabilities for a total \$2,416,795 (2018 - \$1,196,225).

The financial assets including cash and accounts receivable, mature within 6 months. The financial liabilities including accounts payable and accrued liabilities, and payroll liabilities 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.

**29. Expenses By Object**

	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Compensation	\$ 4,998,598	\$ 5,057,774	\$ 4,962,483
Materials/freight	227,787	283,153	311,126
Services purchased/contracted	306,119	652,814	603,150
	<b>\$ 5,532,504</b>	<b>\$ 5,993,741</b>	<b>\$ 5,876,759</b>

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**Commission scolaire francophone Territoires du Nord-Ouest****Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**30. Subsequent Events**

On July 2, 2019, the Northwest Territories Court of Appeal ("NWTCA") awarded to L'Association des parents ayants droit de Yellowknife ("APADY") the legal costs incurred for the van Bochove family judicial review. While the legal examination has indicated the total recovery of legal costs of \$72,732 to be likely, the Commission considers that the actual amount recoverable is not readily determinable as of year-end. As such, the Commission has not recorded the recovery as of June 30, 2019.

On July 25, 2019, the GNWT has announced that it will appeal the decision made by NWTCA awarding APADY the legal costs of \$72,737. As of the financial statements date, no further information regarding the upcoming appeal is available.

**31. Comparative Figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

**32. ECE Other Contributions**

	2019	2018
Government of the Northwest Territories Department of Education, Culture and Employment		
Community support funding	\$ -	\$ 27,000
English Languages Communication & Services	10,000	12,000
Self-Regulation	7,000	12,000
Other	75,449	59,925
	<b>\$ 92,449</b>	<b>\$ 110,925</b>

**33. GNWT Other Contributions**

	2019	2018
Government of the Northwest Territories		
Department of Environment and Natural Resources	\$ 8,000	\$ -
Department of Health and Social Services	5,111	3,360
Department of Municipal and Community Affairs	27,600	30,024
	<b>\$ 40,711</b>	<b>\$ 33,384</b>

**June 30, 2019**

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**34. Contingent Assets**

The Commission does not have any contingent assets.

**35. Contractual Rights**

The Commission does not have any contractual rights.

Consolidated Financial Statements of

**DEHCHO DIVISIONAL  
EDUCATION COUNCIL**

June 30, 2019

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Consolidated Financial Statements

June 30, 2019

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## MANAGEMENT DISCUSSION AND ANALYSIS

### **Introduction**

The Management Discussion and Analysis (MD&A) is a go-forward responsibility of management and the Council Members to promote transparency and accountability.

### **Vision and Core Strategy**

The Dehcho Divisional Education Council mission is to provide quality education based on the cultures of its students and partnerships with the communities it serves.

The vision and core strategy for the Dehcho Divisional Education include a variety of goals and objectives, which include:

- Promote excellence in student performance.
- Deliver school programs and activities that support the intellectual, physical, emotional, social, and spiritual development of students.
- Deliver school programs and activities in a manner that integrates traditional and contemporary education practices.
- Provide programs that result in completion of secondary school graduation requirements so that students can pursue post-secondary education, skills, training and/or employment.
- Involve students in identification of learning needs and planning school programs.
- Build partnerships with community and regional agencies to meet student needs and strengthen wellness.
- Provide training to trustees, other educational leaders in schools and communities so that they may effectively exercise their roles and responsibilities.
- Promote and encourage the wellness of educational personnel (Trustees, Council staff and school staff).

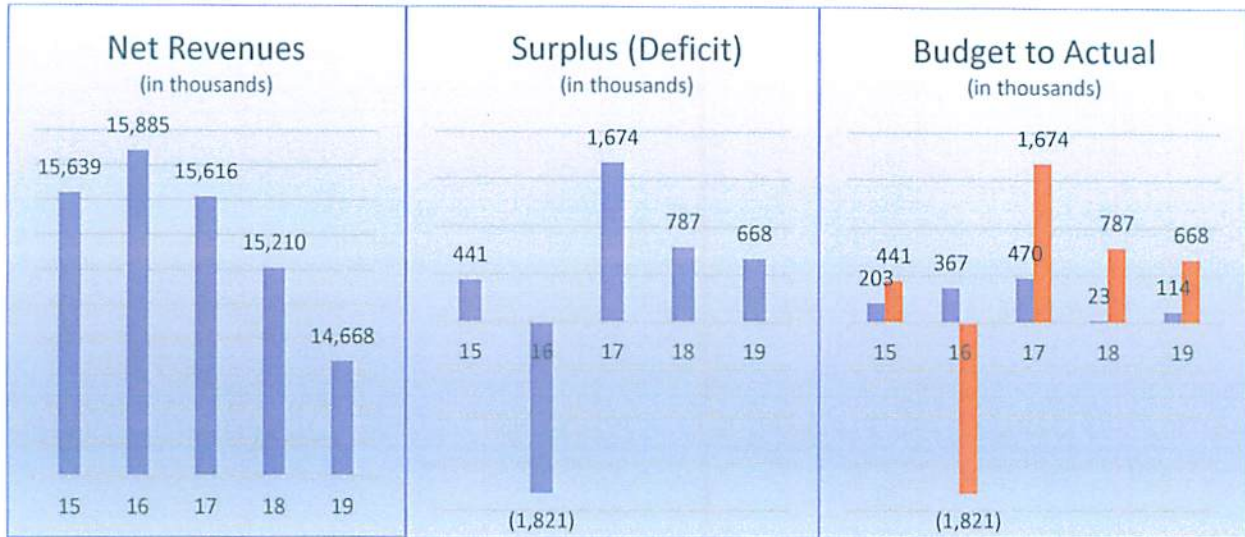
### **Governance, Trustees and Key Management**

Presently, the Council is represented by trustees from eight communities in the Dehcho region. The Council Members are as follows:

- Fort Providence- Evelyn Sabourin
- Fort Liard- Herbert Berreault
- Fort Simpson- Renalyn Pascua-Matte- Chairperson
- Jean Marie River- Yvonne Norwegian
- Kakisa Lake- Anita Chicot
- Sambaa K'e - Vacant
- Wrigley- Lisa Moses
- Nahanni Butte- Jayne Konisenta

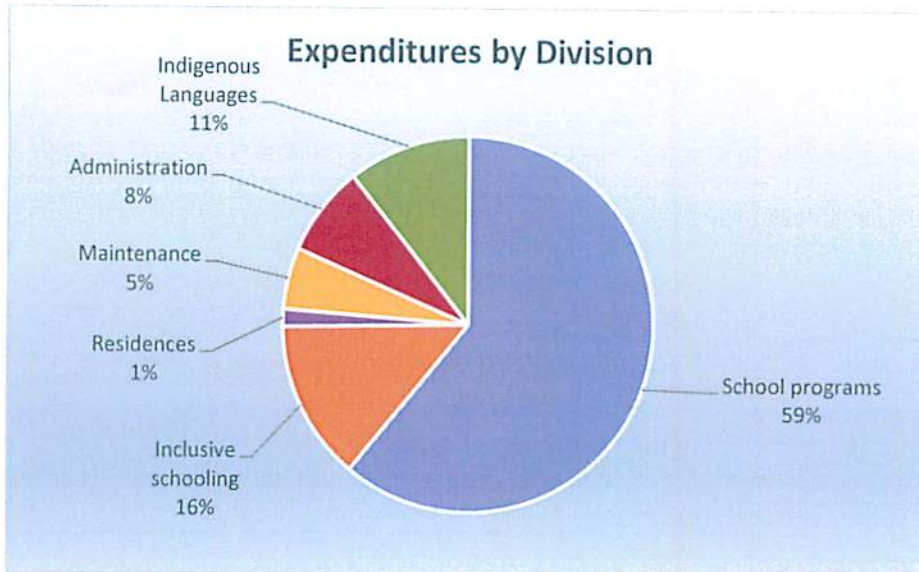
The management staff include Philippe Brulot, who performs the duties of the Superintendent during the fiscal year and was responsible for school operations and overall operations of the Council and David Fiebelkorn who manages the financial and business affairs of the Council.

**Key Financial Highlights**



Revenue has fluctuated over the past five years due to fluctuating enrollment but recently has seen steady declines for the past three years. Due to these factors and a healthy accumulated surplus from earlier years, the Council has recorded offsetting deficits and surpluses over the past five years. Actual surpluses have been favorable over original budgets in four of the past five years as Council tries to operate in the most financial responsible manner, taking advantage of cost saving measures wherever possible and maximizing other sources of income wherever possible. The exception to this trend was in 2016 where Senior Small Schools Secondary funding claw back due to decreased enrollment, larger than budgeted retirement and leave payouts, larger than funded personnel infrastructure costs all contributed to a much larger than budgeted deficit. During the current fiscal year, the Council recorded a favorable surplus for the third consecutive year, which offset the larger deficit recorded in 2016. Much of this surplus resulted from additional sources of outside funding as well as prudent fiscal management.





School programs continue to comprise the largest component of expenditures for the Council, with a strong emphasis on Inclusive Schooling and Aboriginal Language programs. The Council has constantly strived to maintain Administration cost at below 10% of total funding.

### Total Student and Teacher Populations

COMMUNITY	FORT SIMPSON	FORT PROVIDENCE	JEAN MARIE RIVER	KAKISA LAKE	SAMBAA KE Charles	WRIGLEY Chief J	FT LIARD Echo	NAHANNI BUTTE Charles		
SCHOOL	<u>Liidlii Kue High</u>	<u>Liidlii Kue Elem</u>	<u>Deh Gah School</u>	<u>Louie Norwegian</u>	<u>Kakisa L School</u>	<u>Tetcho School</u>	<u>Yendo School</u>	<u>Dene School</u>	<u>Yohin School</u>	TOTAL
<b>STUDENTS</b>										
Beginning of Year Enrollment	98	105	122	4	9	23	21.0	106	5.5	493.5
End of Year Enrollment	89.5	100	99.5	3	4	16.5	18.0	103	4	437.5
TOTAL BY DISTRICT EDUCATION AUTHOR (DEA) END OF YEAR		189.5	99.5	3	4	16.5	18.0	103	4	437.5

**TEACHING  
STAFF**

<b>Beginning of Year Teachers</b>	8.5	6	11	1	1	2	1.5	8	1	40
<b>End of Year Teachers</b>	7.5	6	9	1	1	2	1.5	8	1	37
<b>TOTAL BY DISTRICT EDUCATION AUTHORITY (DEA) END OF YEAR</b>		13.5	9	1	1	2	1.5	8	1	37

**Operating Environment**

The Dehcho Divisional Education Council has been strengthened by sound fiscal and operation management over its history. The Council has enjoyed consistency in key management positions which has allowed for solid financial and administrative decision making. It also has been fortunate in attracting and retaining personnel in key positions. It has developed strong partnership with local groups and organizations and has developed relationships that have benefited the Council and schools. In addition, Council development and training has been a key area of strength in recent years. The Council has experienced some turnover in Principal and teaching staff in recent years which has weakened the consistency in student learning and achievement. The Council sees opportunities in the Education Renewal and Innovation to offer more dynamic education initiatives throughout the region and, with its partnerships with local and First Nations, it has opportunities to improve and develop language and cultural emphasis in education. Declining enrollment and related funding reductions represent a significant risk as well as retention of senior staff members over the next several years. With a new Superintendent beginning in 2018-2019, new initiatives in innovation, technology upgrades and restructuring has begun with positive results.

**Financial Conditions**

During the fiscal year ending June 30, 2019, the Council budgeted for an operating surplus to maintain the accumulated surplus at a minimal amount. At the same time, it attempted to maintain a similar level of service in the schools and communities. In doing so, the Council budgeted for an

annual surplus of \$ 113,862. During the year, the Council managed to incorporate several recoveries as well as prudent fiscal management, despite declining enrollment, to record a non-consolidated surplus of \$746,439 and a consolidated surplus of \$667,758. When converted to cash flow working capital surplus, the amount of available surplus for future years is less due to adjustments for actuarial personnel related liabilities. This surplus for the 2019 year brought the overall accumulated book surplus up to \$1,488,384 (DEC - \$1,211,359; DEA - \$277,025) after several years of declining enrollment and unexpected costs. Despite a budget deficit planned for 2019-20 of \$726,419, the current cash balance of \$4,241,148 eliminated any liquidity concerns as the Council continues to maintain cost controls in the current year, while contingent liabilities are not a risk to the Council's financial health. The Council's budgeted deficit of \$726,419 for the 2019-20 fiscal year in order to maintain a stable level of service as well as implement several new initiatives for the Council.

### Surplus/(Deficit)

	2019	2018
Operating surplus (deficit) before other item	\$ 632,510	\$ 816,968
Other items - Post-employment benefit recovery (expense), Note 17	35,248	(29,663)
Other items - Payroll Expenses, refer to Note 17	-	-
Prior Year Funding Received	-	-
	<u>667,758</u>	<u>787,305</u>
Unfunded Items:		
Change in employee leave and termination benefits	(19,376)	6,077
(Increase)/Decrease in post-employment benefits	(467,488)	(81,418)
Annual Surplus (Deficit)	\$ 180,894	\$ 711,964
	<u>2019</u>	<u>2018</u>
Accumulated Surplus (Deficit)	\$ 1,488,384	\$ 820,626
Employee leave and termination benefit	28,265	47,641
Post-employment benefits	1,578,625	2,046,113
Adjusted Accumulated Surplus (Deficit)	\$ 3,095,274	\$ 2,914,380

### Summary and Outlook

During the past two years, the Council was fortunate to add to the surplus from the prior year after recovering from a large deficit in 2016 to return the Council to previous accumulated surplus levels. Despite being affected by several unanticipated and unbudgeted cost and funding reductions due to declining enrollment which reduced its accumulated financial position in a period of declining or stagnant enrollment, the Council was able to combine some cost recoveries along with strong fiscal management to reverse the fiscal trend. It was able to be successful in continuing many new initiatives including distance learning courses, resiliency programs, self-regulation and a new revitalized indigenous language program. Several programs such as literacy development

and Council governance training and development continued. Moving forward, the Council's goals for the upcoming year are to increase student achievement through continuing to provide staff and Council training and to provide programs that meet the needs of our 21<sup>st</sup> century learners and the goals of Education Renewal. Literacy, distance learning, self-regulation, Indigenous Language revitalization programs and training for Language teachers will continue. New initiatives include: programs in literacy training, and trades introduction. Finally, Council plans to upgrade aging technology and provide ongoing training for education applications including PowerSchool.

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.


Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Dehcho Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

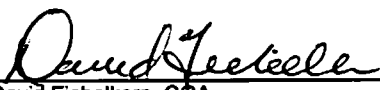
The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Approved and confirmed on behalf of the Dehcho Divisional Education Council

  
\_\_\_\_\_  
Philippe Brutot  
Superintendent  
Dehcho Divisional Education Council

Sept 27 / 19  
Date

  
\_\_\_\_\_  
David Fiebelkorn, CGA  
Comptroller  
Dehcho Divisional Education Council

Sept 27 / 19  
Date

## INDEPENDENT AUDITOR'S REPORT

To the Minister of Education, Culture and Employment of the GNWT

To the Board of Trustees of the Dehcho Divisional Education Council

### *Opinion*

We have audited the consolidated financial statements of the Dehcho Divisional Education Council, which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of operations and surplus, changes in net assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Dehcho Divisional Education Council as at June 30, 2019, and the results of its financial performance and cash flow for the year then ended in accordance with the Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

The Government of the Northwest Territories is responsible for the calculation and distribution of the Education Body's wages and benefits expenditure for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Education Body's records. As a result, we were not able to determine whether any adjustments might be necessary to expenditure, liabilities or accumulated surplus.

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 Education Body 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 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Education Body'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 Education Body or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Education Body'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 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 Education Body'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 Education Body'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 Education Body 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 Other Legal and Regulatory Requirements*

We further report, in accordance with the Financial Administration Act, that, in our opinion, proper books of account have been kept by the Education Body, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Education Body.



ASHTON  
Chartered Accountants  
Business Advisors

Hay River, NT  
September 27, 2019



# DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Financial Position

June 30, 2019

	2019	*2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents, Note 4	\$ 4,241,148	\$ 3,624,435
Special purpose funds, Note 5	291,672	300,400
Due from the Government of Canada, Note 13	63,225	-
Accounts receivable, Note 8	116,019	151,419
	<u>\$ 4,712,064</u>	<u>\$ 4,076,254</u>

## LIABILITIES

Accounts payable and accrued liabilities, Note 10	\$ 137,884	\$ 46,626
Payroll liabilities, Note 10	1,222,353	909,040
Due to the Government of Canada, Note 13	-	-
Deferred revenue, Note 11	173,900	138,938
Other employee future benefits and compensated absences, Note 17	1,578,625	2,046,113
Trust Liabilities, Note 18	130,918	135,617
	<u>3,243,680</u>	<u>3,276,334</u>
Net Assets (Deficit)	<u>\$ 1,468,384</u>	<u>\$ 799,920</u>

## NON-FINANCIAL ASSETS

Prepaid expenses, Note 20	\$ 20,000	\$ 20,706
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<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<b>\$ 1,488,384</b>	<b>\$ 820,626</b>
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\* Reclassified for comparative purposes

Represented by:

Accumulated Operating surplus (deficit)		
Divisional Education Council	\$ 1,211,359	\$ 464,920
District Education Authorities	277,025	355,706
	<u>\$ 1,488,384</u>	<u>\$ 820,626</u>

Contractual obligations, Note 22

Contingencies, Note 23

Approved:  Chair  
 Superintendent



# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Consolidated Statement of Operations

For the year ended June 30, 2019

	Budget 2019	Actual 2019	Actual *2018
<b>Revenue</b>			
<b>Government of the NWT</b>			
ECE regular contribution	\$ 12,968,962	\$ 13,301,091	\$ 13,816,950
Teaching and Learning Centres, Schedule B	-	124,000	335,000
French language program, Schedule D	55,000	50,000	-
ECE other contributions, Note 31	-	92,901	69,673
<b>Total ECE contributions</b>	<b>13,023,962</b>	<b>13,567,992</b>	<b>14,221,623</b>
<b>GNWT other contributions, Note 32</b>	<b>455,000</b>	<b>300,635</b>	<b>295,771</b>
<b>Total GNWT</b>	<b>13,478,962</b>	<b>13,868,627</b>	<b>14,517,394</b>
Jordan's Principle, Schedule E	-	235,387	-
Government of Canada - other contributions	-	-	60,324
<b>Total Government of Canada contributions</b>	<b>-</b>	<b>235,387</b>	<b>60,324</b>
	<b>13,478,962</b>	<b>14,104,014</b>	<b>14,577,718</b>
<b>Self-Generated Funds</b>			
Rentals	36,000	41,200	42,800
Investment income	15,000	77,377	48,659
Contract and other	132,000	185,571	294,545
	<b>183,000</b>	<b>304,148</b>	<b>386,004</b>
Education Authority self-generated funds, Schedule H-1	-	117,088	147,167
GNWT contributions to Education Authorities, Schedule H-1	-	142,501	99,186
	-	259,589	246,353
	<b>13,661,962</b>	<b>14,667,751</b>	<b>15,210,075</b>
<b>Expenses</b>			
School programs	7,989,063	8,311,151	8,522,987
Inclusive schooling	2,148,090	2,187,116	2,535,816
Student accommodation	190,950	209,201	189,403
Operations and maintenance	844,596	730,148	737,258
Administration	831,977	1,095,371	1,103,488
Aboriginal language/cultural programs	1,543,424	1,502,254	1,304,155
	<b>13,548,100</b>	<b>14,035,241</b>	<b>14,393,107</b>
Operating surplus (deficit) before other item	113,862	632,510	816,968
<b>Other item:</b>			
Post-employment benefit recovery (expense), Note 17	-	35,248	(29,663)
Payroll expense, Note 17	-	-	-
<b>Operating surplus (deficit)</b>	<b>\$ 113,862</b>	<b>\$ 667,758</b>	<b>\$ 787,305</b>
<b>Accumulated surplus (deficit), beginning of year</b>		<b>820,626</b>	<b>33,321</b>
<b>Accumulated surplus (deficit), end of year</b>		<b>\$ 1,488,384</b>	<b>\$ 820,626</b>
* Reclassified for comparative purposes			
<b>Accumulated surplus (deficit) is comprised of the following:</b>			
Accumulated surplus (deficit), end of year		\$ 1,488,384	\$ 820,626
Post employment benefits Unamortized net actuarial (gain)/loss (Note 17)		442,755	999,870
<b>Accumulated surplus (deficit), end of the year</b>		<b>\$ 1,931,139</b>	<b>\$ 1,820,496</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Consolidated Statement of Change in Net Assets (Debt)

For the year ended June 30, 2019

	2019	2018
Operating Surplus (Deficit)	\$ 667,758	\$ 787,305
Amortization of tangible assets	-	-
Net change in prepaids	706	9,751
(Increase) Decrease in net debt	668,464	797,056
<b>Net assets (debt) beginning of the year</b>	<b>799,920</b>	<b>2,864</b>
<b>Net assets (debt) end of year</b>	<b>\$ 1,468,384</b>	<b>\$ 799,920</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Consolidated Statement of Cash Flow

For the year ended June 30, 2019

	2019	2018
<b>Operating Activities</b>		
Operating Surplus (Deficit)	\$ 667,758	\$ 787,305
Items not affecting cash:		
Amortization	-	-
Changes in non-cash assets and liabilities		
Decrease (increase) in due from the Government of Canada	(63,225)	56,801
Decrease (increase) in trust assets	-	-
Decrease (increase) in accounts receivable	35,400	(53,591)
Increase (decrease) in accounts payable	91,258	(14,547)
Increase (decrease) in payroll liabilities	313,313	(477,971)
Increase (decrease) in contributions repayable	-	-
Increase (decrease) in due to the Government of Canada	-	-
Increase (decrease) in deferred revenues	34,962	65,055
Increase (decrease) in post-employment benefits	(467,488)	(81,418)
Increase (decrease) in trust liabilities	(4,699)	(565)
Decrease (increase) in prepaids	706	9,751
	(59,773)	(496,485)
<b>Cash provided by operating transactions</b>	<b>607,985</b>	<b>290,820</b>
<b>Financing Activities</b>		
Repayment of capital lease obligation	-	-
Proceeds from capital lease obligation	-	-
<b>Cash provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>Investing Activities</b>		
Disposition of portfolio investments	-	-
Acquisition of portfolio investments	-	-
<b>Cash provided by investing transactions</b>	<b>-</b>	<b>-</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	-	-
Proceeds of disposition of tangible capital assets	-	-
<b>Cash provided by capital transactions</b>	<b>-</b>	<b>-</b>
Increase (Decrease) in cash and cash equivalents	607,985	290,820
Cash and cash equivalents, beginning of year	3,924,835	3,634,015
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,532,820</b>	<b>\$ 3,924,835</b>
Cash consists of :		
Cash and cash equivalents, Note 4	\$ 4,241,148	\$ 3,624,435
Special purpose funds, Note 5	291,672	300,400
	<b>\$ 4,532,820</b>	<b>\$ 3,924,835</b>

## DEHCHO DIVISIONAL EDUCATION COUNCIL

### Consolidated Details of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Indigenous Languages and Education	2019 Total	2019 Budget	2018 Total
<b>Salaries</b>									
Teachers' salaries	\$ 5,727,472	\$ 965,236	\$ -	\$ -	\$ -	\$ -	\$ 6,692,708	\$ 6,781,834	\$ 7,171,636
Instruction assistants	-	871,936	-	-	-	877,706	1,749,642	1,619,295	1,833,769
Non-instructional staff	843,100	187,502	-	642,633	611,265	166,829	2,451,329	2,186,079	2,540,615
Board/Trustee Honoraria	4,150	-	-	-	69,281	83,597	157,028	117,800	167,873
	6,574,722	2,024,674	-	642,633	680,546	1,128,132	11,050,707	10,705,008	11,713,893
<b>Employee Benefits</b>									
Employee benefits and allowances	180,698	109,068	-	17,556	16,602	55,475	379,399	438,629	389,472
Leave and termination	292,154	-	-	-	53,048	-	345,202	446,987	101,568
	472,852	109,068	-	17,556	69,650	55,475	724,601	885,616	491,040
<b>Services Purchased/Contracted</b>									
Professional/Technical Services	-	-	-	-	22,881	290	23,171	35,000	31,291
Postage/Communication	40,398	-	1,394	-	58,427	-	100,219	40,000	148,360
Utilities	-	-	-	-	-	-	-	40,000	-
Travel	208,015	44,614	31,586	-	90,406	96,947	471,568	709,000	436,712
Student Travel (Bussing)	122,484	-	-	-	-	-	122,484	62,000	112,956
Advertising/Printing/Publishing	-	-	-	-	41,308	26,876	68,184	45,000	95,836
Maintenance/Repair	20,556	-	-	55,012	39,962	2,297	117,827	25,000	72,679
Rentals/Leases	22,449	-	-	13,200	22,324	12,476	70,449	78,000	59,969
Other - Contracted Services	102,057	1,700	146,206	1,747	2,712	82,776	337,198	242,000	303,746
	515,959	46,314	179,186	69,959	278,020	221,662	1,311,100	1,276,000	1,261,549
<b>Materials, Supplies and Freight</b>									
Materials	731,261	7,060	27,269	-	66,557	92,434	924,581	635,062	900,527
Freight	16,357	-	2,746	-	598	4,551	24,252	46,414	26,098
	747,618	7,060	30,015	-	67,155	96,985	948,833	681,476	926,625
<b>Contributions and Transfers</b>									
Transfers	-	-	-	-	-	-	-	-	-
<b>Amortization</b>									
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 8,311,151</b>	<b>\$ 2,187,116</b>	<b>\$ 209,201</b>	<b>\$ 730,148</b>	<b>\$ 1,095,371</b>	<b>\$ 1,502,254</b>	<b>\$ 14,035,241</b>	<b>\$ 13,548,100</b>	<b>\$ 14,393,107</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

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### Note 1. Dehcho Divisional Education Council

The Dehcho Divisional Education Council (formerly known as the Divisional Board of Education) was established on March 30, 1990. The Dehcho Division encompasses an area which includes the communities of Wrigley (Chief Julian Yendo School), Nahanni Butte (Charles Yohin School), Sambaa K'e (Charles Tetcho School), Fort Simpson (Bompas Elementary School and Thomas Simpson Secondary School), Fort Liard (Echo-Dene School), Fort Providence (Deh Gah Elementary and Secondary School), Jean Marie River (Louie Norwegian School) and Kakisa Lake (Territorial School - Kakisa Lake School).

The Education Body's purpose is to administer and manage the educational affairs of the Division in accordance with the Education Act and the Financial Administration Act of the Northwest Territories and the regulations of the Order establishing the Education Division.

Consequently, the Council is dependent on funding from the Department of Education, Culture, and Employment (ECE) of the GNWT. Member Communities have formed local District Education Authorities (DEA) which have assumed responsibility to provide sufficient educational programs within their respective communities.

The Council is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Council is a public body performing a function of government in Canada. Paragraph 149(1)(C) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

### Note 2. Summary of Significant Accounting Policies

#### (a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

#### (b) Cash and Cash Equivalents

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

#### (c) 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 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 2. Summary of Significant Accounting Policies (continued)

### (c) Financial Instruments (continued)

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.

### (d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Body because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Body.

### (e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

### (f) Revenue Recognition

#### *Government Transfers:*

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

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

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are recognized as acquired or built.

#### *GNWT – Regular Contributions:*

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

#### *Other Contributions:*

The Education Body follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 2. Summary of Significant Accounting Policies (continued)

### (f) Revenue Recognition - (Continued)

#### *Deferred Revenue:*

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

#### *Investment Income:*

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

#### *Special Purpose Funds*

School activity funds which are fully controlled by the Education Body with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefits.

Student activity funds which are controlled by students or parties other than the Education Body are not included even if custody of the funds is held by the Education Body.

### (g) Budget Data

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Body and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the Education Act.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the Education Act.

This annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget may be amended within a given fiscal year in accordance with Education Body policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

### (h) Measurement Uncertainty

The preparation of these consolidated 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

### (i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

### (j) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

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### Note 2. Summary of Significant Accounting Policies (continued)

#### (j) Payroll Liabilities (continued)

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Body determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

#### (k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the terms and conditions of employment, education board 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 reasons 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 services. Termination benefits are 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 services, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

#### (l) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses. Transfers include grant and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

### Note 3. Future Accounting Changes

#### Future Accounting Changes

##### *Revenues - Section PS 3400*

PSAB has approved Section PS 3400, Revenues. This Section establishes standards on how to account for and report on revenue. This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. This Section may be applied retroactively or prospectively. Management is currently assessing the impact of the standard.

##### *Inter-entity Transactions - Section PS 3420*

PSAB approved Section PS 3420, Inter-entity transactions. This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The new standard is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. Management is currently assessing the impact of the standard.

##### *Financial Instruments - Section PS 3450*

PSAB has implemented changes to Section PS 3450, Financial instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. Management is currently assessing the impact of the standard.



# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 3. Future Accounting Changes (continued)

#### *Student Activity/Fiduciary Funds Policy*

Student Activity/Fiduciary funds policy is currently under review by the GNWT - ECE for possible inclusion in Special Purpose Funds. At this time no formal directive has been released and, therefore management is unable to determine any impact that may exist on the financial statements.

#### **Adoption of New Accounting Standards**

Effective April 1, 2018, the new standard from the PSA Handbook Section PS 3430 – restructuring transactions was adopted. There is no significant impact on the consolidated financial statements as a result of adopting the new standards.

### Note 4. Cash and Cash Equivalents

	2019	2018
Cash	\$ 4,241,148	\$ 3,624,435
Short term investments	-	-
	<b>\$ 4,241,148</b>	<b>\$ 3,624,435</b>

### Note 5. Special Purpose Funds

Special purpose funds consist of account balances held by each of the individual District Education Authorities for which the Education Body has control of when and how the funds are disbursed.

	2019	2018
Fort Simpson (Liidlii Kue Elementary and Regional High Schools)	\$ 55,348	\$ 68,778
Fort Providence (Deh Gah Elementary/Secondary Schools)	77,952	57,437
Fort Liard (Echo-Dene School)	52,429	40,938
Jean Marie River (Louie Norwegian School)	9,852	15,093
Wrigley (Chief Julian Yendo School)	63,934	80,682
Nahanni Butte (Charles Yohin School)	24,362	24,508
Sambaa K'e (Charles Tetcho School)	8,101	7,426
Kakisa Lake (Territorial School - Kakisa Lake School)	(306)	5,538
	<b>\$ 291,672</b>	<b>\$ 300,400</b>

### Note 6. Restricted Assets - Nil Report

### Note 7. Portfolio Investments - Nil Report

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 8. Accounts Receivable

	Receivables		AFDA		Net	
	2019		2019		2019	
GNWT - ECE	\$	17,361	\$	-	\$	17,361
GNWT - MACA		-		-		8,000
GNWT - FSS		9,611		-		9,611
GNWT - HSS		-		-		12,500
GNWT - ITI		-		-		9,661
Aurora College		2,298		-		2,298
Tli Cho Community Services Agency		300		-		300
Commission Scolaire de Francophone		-		-		-
<b>Total Due from GNWT</b>		<b>29,570</b>		<b>-</b>		<b>29,570</b>
WSCC		-		-		-
Other		86,449		-		86,449
<b>Total receivables before amounts due from Government of Canada</b>		<b>116,019</b>		<b>-</b>		<b>116,019</b>
<b>Government of Canada</b>		<b>63,225</b>		<b>-</b>		<b>63,225</b>
	\$	179,244	\$	-	\$	179,244
						\$ 151,419

### Note 9. Inventories - Not Applicable

### Note 10. Accounts Payable and Accrued Liabilities

	2019	2018
GNWT - MACA	\$ 13,636	\$ -
WSCC	-	-
Employee source deductions	-	7,636
<b>Accounts payable and accrued liabilities</b>	<b>124,248</b>	<b>38,990</b>
	<b>137,884</b>	<b>46,626</b>
<b>Payroll liabilities</b>		
To GNWT (A)	413,742	-
To Employees (B)	780,346	861,399
Annual Leave	20,540	41,466
Lieu	7,725	6,175
	<b>1,222,353</b>	<b>909,040</b>
	<b>\$ 1,360,237</b>	<b>\$ 955,666</b>

Note A: Amount outstanding to be paid to GNWT by the education board for salaries and wages paid by June 30.

Note B: Amount accrued by the education board for salaries and wages to be paid in July and August.

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 11. Deferred Revenue

	2019	2018
<b>GNWT - MACA</b>		
Active After School	\$ 13,850	\$ 15,300
Youth Contributions	17,540	-
Physical Literacy	9,558	38,638
	40,948	53,938
<b>Government of Canada</b>		
Jordan's Principle	72,952	-
<b>Tides Canada Foundation</b>		
NWT on the Land Collaborative	60,000	85,000
	\$ 173,900	\$ 138,938

### Note 12. Contribution Repayable - Nil Report

### Note 13. Due From and To the Government of Canada

	2019	2018
Receivables - Jordan's Principle	\$ 63,225	\$ -
Payables	\$ -	\$ -

### Note 14. Capital Lease Obligations - Nil Report

### Note 15. Pension - Not Applicable

### Note 16. Long-term Debt - Nil Report

### Note 17. Other Employee Future Benefits and Compensated Absences

The Education Body 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 deficit equal to the accrued post-employment benefits obligation.

Severance benefits are paid to the employees based on the types 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 by an external actuarial with the GNWT payroll valuations using the expected utilization methodology.

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

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2019

## Note 17. Other Employee Future Benefits and Compensated Absences (continued)

### Valuation Results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2018 and the results extrapolated to June 30, 2019. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and removal	Compensated Absences	2019	2018
<b>Changes in Obligation</b>				
Accrued benefit obligations beginning of the year	\$ 855,280	\$ 190,963	\$ 1,046,243	\$ 1,514,010
Current period benefit cost	50,915	16,386	67,301	68,559
Interest accrued	30,743	7,245	37,988	43,098
Benefits payments	(388,360)	(43,880)	(432,240)	(111,081)
Plan amendments	-	-	-	-
Actuarial (gain)/loss	387,085	29,493	416,578	(468,343)
<b>Accrued benefit obligation, end of year</b>	<b>935,663</b>	<b>200,207</b>	<b>1,135,870</b>	<b>1,046,243</b>
Unamortized net actuarial gain	464,235	(21,480)	442,755	999,870
<b>Net future obligation</b>	<b>\$ 1,399,898</b>	<b>\$ 178,727</b>	<b>\$ 1,578,625</b>	<b>\$ 2,046,113</b>
<b>Benefits Expense</b>				
Current period benefit cost	\$ 50,915	\$ 16,386	\$ 67,301	\$ 68,559
Interest cost	30,743	7,245	37,988	43,098
Plan amendments	-	-	-	-
Amortization of actuarial gains	(138,918)	(1,619)	(140,537)	(81,994)
	\$ (57,260)	\$ 22,012	\$ (35,248)	\$ 29,663

The discount rate used to determine the accrued benefit obligation is an average of 3.3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	2019
2020	\$ 172,625	\$ 37,902	\$ 210,527
2021	119,726	28,189	147,915
2022	99,117	25,593	124,710
2023	85,166	22,185	107,351
2024	59,697	18,863	78,560
	\$ 536,331	\$ 132,732	\$ 669,063

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 18. Trust Assets and Liabilities under Administration

Superintendent's Association Fund: The balance is held on behalf of the Superintendent's Association. The fund increases by dues paid by Superintendents and funds are spent at the discretion of the Association.

Steve Rowan Memorial Scholarship Fund: The balance is held to provide scholarships to qualifying students.

Mercedes Benz Scholarship Fund: The balance is held to provide scholarships to qualifying students.

	2019	2018
Superintendent Fund	\$ 12,753	\$ 11,501
Steve Rowan Memorial Scholarship Fund	105,767	111,970
Mercedes Benz Scholarship Fund	12,398	12,146
	<b>\$ 130,918</b>	<b>\$ 135,617</b>

The funds associated with th

### Note 19. Tangible Capital Asset - Nil Report

### Note 20. Prepaid Expenses

	2019	2018
CIBC Visa Deposit	\$ 20,000	\$ 20,000
Prepaid service contracts	-	706
CIBC Visa Deposit	<b>\$ 20,000</b>	<b>\$ 20,706</b>

### Note 21. GNWT Assets Provided at No Cost

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
<b>Buildings</b>				
Schools and colleges	\$ 28,474,356	\$ 19,210,757	\$ 9,263,599	\$ 9,701,101
Residences	843,808	553,800	290,008	311,100
Staff Housing	287,453	223,557	63,896	71,079
	<b>\$ 29,605,617</b>	<b>\$ 19,988,114</b>	<b>\$ 9,617,503</b>	<b>\$ 10,083,280</b>

### Note 22. Contractual Obligations

The Education Body has a contractual obligation for the lease of office equipment and with a contractor for the operation of the student accommodations. This commitment requires payments as shown below:

	Expires in Fiscal Year*	2020	2021	2022	Total
Equipment leases	2022	\$ 39,250	\$ 20,830	\$ 1,411	\$ 61,491
Operational leases	2020	135,000	-	-	135,000
		<b>\$ 174,250</b>	<b>\$ 20,830</b>	<b>\$ 1,411</b>	<b>\$ 196,491</b>

\* Refers to the last fiscal year of all agreements in that line category

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 23. Contingencies

With any employer, especially those with a union there are always risks of employee grievances. At the end of the fiscal year there was a grievance that was outstanding from a prior period. In the opinion of management and legal council, the outcome is unknown, no material accrued liability needs to be established. Should any further loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

### Note 24. Related Parties

The Education Body is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Body enters into transactions with these entities in the normal course of operations. The Education Body is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by Public Works and Services.

Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note:

	2019	2018		
<b>Accounts payable, Note 10</b>				
Government of the Northwest Territories				
Municipal and Community Affairs	\$ 13,636	\$ -		
Other related parties				
NWT Power Corporation	-	-		
	<b>\$ 13,636</b>	<b>\$ -</b>		
<b>Payroll liabilities, Note 10</b>				
Government of the Northwest Territories	\$ 413,742	\$ -		
<b>Deferred Revenues, Note 11</b>				
Government of the Northwest Territories				
Municipal and Community Affairs	\$ 40,948	\$ 53,938		
<b>Accounts receivable, Note 8</b>				
	AR 2019	AFDA	Net AR 2019	Net AR 2018
Government of the Northwest Territories				
Education, Culture and Employment	\$ 17,361	\$ -	\$ 17,361	\$ 22,571
Municipal and Community Affairs	-	-	-	8,000
Financial Shared Services	9,611	-	9,611	6,606
Health & Social Services (HSS)	-	-	-	12,500
Industry, Tourism and Investment (ITI)	-	-	-	9,661
Total GNWT	26,972	-	26,972	59,338
Other related parties				
Aurora College	2,298	-	2,298	1,344
Tii Cho Community Services Agency	300	-	300	-
Commission Scolaire de Francophone	-	-	-	300
	<b>\$ 29,570</b>	<b>\$ -</b>	<b>\$ 29,570</b>	<b>\$ 60,982</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 24. Related Parties (continued)

	2019	2018
<b>Revenues</b>		
Government of the Northwest Territories		
ECE - Core contribution	\$ 13,301,091	\$ 13,816,950
ECE - Indigenous Languages and Education, Schedule B	124,000	335,000
ECE - French language program, Schedule D	50,000	-
ECE - other contributions, Note 31	92,901	69,673
MACA - GNWT other Contributions, Note 32	224,980	240,695
ENR - GNWT other Contributions, Note 32	56,937	16,636
DHSS - GNWT other Contributions, Note 32	18,718	38,440
GNWT contributions to Education Authorities, Schedule H-1	142,501	99,186
Department of Finance - rent and custodian	18,120	18,120
<b>Total GNWT</b>	<b>14,029,248</b>	<b>14,634,700</b>
Other related parties		
Aurora College	33,921	33,921
	<b>\$ 14,063,169</b>	<b>\$ 14,668,621</b>

### Note 25. Budget

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenues and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on September 13, 2018 and have not been audited.

### Note 26. Economic Dependence

The Dehcho District Education Council received its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that Dehcho District Education Council operations would be significantly affected.

### Note 27. Financial Instruments

The Education Body is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Education Body's risk exposure and concentration as of June 30, 2019.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Education Body has little exposure to credit risk as the majority of its revenues originate from government sources with strong credit worthiness.

#### Liquidity

Liquidity risk is the risk the Education Body will not be able to meet its obligations as they come due. The Education Body meets its liquidity requirements by preparing detailed cash budgets and having cash available on hand to meet its obligations.

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Notes to the Consolidated Financial Statements

June 30, 2019

### Note 27. Financial Instruments (continued)

#### 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 currency risk, interest rate risk and other price risk.

#### Currency risk

The Education Body deals exclusively in Canadian funds and therefore has no currency risk.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Education Body minimizes risk through its normal operating and financing activities and maintains cash in a general bank account.

### Note 28. Expenses by Object

	2019 Budget	2019 Actual	2018 Actual
Compensation	\$ 11,590,624	\$ 11,775,308	\$ 12,204,933
Professional/Technical Services	35,000	23,171	31,291
Postage/Communication	40,000	100,219	148,360
Utilities	40,000	-	-
Travel	709,000	471,568	436,712
Student Travel (Bussing)	62,000	122,484	112,956
Advertising/Printing/Publishing	45,000	68,184	95,836
Maintenance/Repair	25,000	117,827	72,679
Rentals/Leases	78,000	70,449	59,969
Other - Contracted Services	242,000	337,198	303,746
Materials, Supplies and Freight	681,476	948,833	926,625
Amortization	-	-	-
	<b>\$ 13,548,100</b>	<b>\$ 14,035,241</b>	<b>\$ 14,393,107</b>

### Note 29. Subsequent Events - Nil Report

### Note 30. Comparative Figures

Some comparative figures have been reclassified to conform with current year's presentation.

### Note 31. ECE Other Contributions

	2019	2018
Distance education	\$ 63,415	\$ 39,673
Labour market agreement for persons with disabilities	12,500	24,000
Health and wellness	9,010	-
Special services	7,976	-
Self regulation	-	6,000
	<b>\$ 92,901</b>	<b>\$ 69,673</b>



# DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2019

## Note 32. GNWT Other Contributions

	2019	2018
Municipal and Community Affairs		
Sports and youth programs	\$ 47,000	\$ 21,929
Sport strategy	127,140	127,140
Children and youth resiliency	13,636	13,363
Active after school	17,850	102,260
Mental health youth conference	-	9,000
Other	20,000	10,000
Environment and Natural Resources		
Take a kid trapping	56,937	16,636
Health and Social Services		
Drop the pop	17,018	13,440
Breakfast for learning	1,700	-
Youth conference	-	25,000
Contributions repaid	(13,636)	-
Deferred revenue - GNWT, opening	53,938	10,941
Deferred revenue - GNWT, closing	(40,948)	(53,938)
	\$ 300,635	\$ 295,771

Note 33. Contingent Assets - Nil Report

Note 34. Contractual Rights - Nil Report

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Indigenous Languages and Education Expenses

Schedule A

For the year ended June 30, 2019

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2019 Total
<b>Salaries</b>					
ALCBE teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Language consultants	140,588	-	-	-	140,588
Instruction assistants	877,706	-	-	-	877,706
Non-instructional staff	-	-	-	-	-
Honoraria	-	42,134	-	-	42,134
Elders in schools	-	-	-	33,763	33,763
	<u>1,018,294</u>	<u>42,134</u>	<u>-</u>	<u>33,763</u>	<u>1,094,191</u>
<b>Employee Benefits</b>					
Employee benefits and allowances	55,475	-	-	-	55,475
	<u>55,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,475</u>
<b>Services Purchased/Contracted</b>					
Professional services	-	290	-	-	290
Travel	-	47,804	46,146	-	93,950
Student transportation	-	-	-	-	-
Advertising, printing and publishing	-	26,876	-	-	26,876
Maintenance and repairs	-	-	-	-	-
Rentals and leases	-	-	-	-	-
Other contracted services	-	63,942	-	-	63,942
	<u>-</u>	<u>138,912</u>	<u>46,146</u>	<u>-</u>	<u>185,058</u>
<b>Materials, Supplies and Freight</b>					
Materials	70,281	-	-	199,789	270,070
Freight	4,551	-	-	-	4,551
	<u>74,832</u>	<u>-</u>	<u>-</u>	<u>199,789</u>	<u>274,621</u>
<b>Total</b>	<b>\$ 1,148,601</b>	<b>\$ 181,046</b>	<b>\$ 46,146</b>	<b>\$ 233,552</b>	<b>\$ 1,609,345</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Indigenous Languages and Education (Contribution Agreement)

Schedule B

For the year ended June 30, 2019

	July 1, 2018 to March 31, 2019	April 1, 2019 to June 30, 2019	Total Fiscal Year 2018/2019
<b>Contribution Agreement Indigenous Languages Revenue</b>			
Funding received	\$ 124,000	\$ -	\$ 124,000
<b>Expenditure</b>			
Salaries	85,003	21,074	106,077
Other O & M	15,480	16,912	32,392
	100,483	37,986	138,469
Surplus (Deficit), March 31, 2019	\$ 23,517		
Surplus (Deficit), June 30, 2019		\$ (37,986)	
Surplus (Deficit) - Total			\$ (14,469)

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Inclusive Schooling Expenses

Schedule C

For the year ended June 30, 2019

Function	General Inclusive Schooling	Staff Development	Assistive Technology	Magnet Facilities	Total
<b>Salaries</b>					
Regional Coordinator	\$ 187,502	\$ -	\$ -	\$ -	\$ 187,502
Program Support Teachers	965,236	-	-	-	965,236
Support Assistants	871,936	-	-	-	871,936
Honoraria	-	-	-	-	-
	<u>2,024,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,024,674</u>
<b>Employee Benefits</b>					
Employee benefits and allowances	109,068	-	-	-	109,068
	<u>109,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,068</u>
<b>Services Purchased/Contracted</b>					
Professional and technical services	-	-	-	-	-
Travel	44,614	-	-	-	44,614
Student transportation	-	-	-	-	-
Advertising, printing and publishing	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Rentals and leases	-	-	-	-	-
Other contracted services	-	1,700	-	-	1,700
	<u>44,614</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>46,314</u>
<b>Materials, Supplies and Freight</b>					
Materials	7,060	-	-	-	7,060
Freight	-	-	-	-	-
	<u>7,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,060</u>
<b>Total</b>	<b>\$ 2,185,416</b>	<b>\$ 1,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,187,116</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

French Language Program

Schedule D

For the year ended June 30, 2019

	Contributions from GNWT July 1 to June 30	Commitment from Dehcho July 1 to June 30	Expenses July 1 to June 30	Over/Under Funding
Special projects:				
Core French 1-12 (salary)	\$ 50,000	\$ 50,000	\$ 117,713	\$ (17,713)

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Jordan's Principle

Schedule E

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Government of Canada	\$ -	\$ 308,339	\$ -
	-	308,339	-
<b>Expenses</b>			
Administration	-	-	-
Personnel	-	211,388	-
Transportation	-	-	-
Materials and supplies	-	23,999	-
Rent and utilities	-	-	-
Evaluation	-	-	-
Other	-	-	-
	-	235,387	-
<b>Surplus (Deficit)</b>	\$ -	\$ 72,952	\$ -
<b>Deferred Revenue</b>	\$ -	\$ (72,952)	\$ -

\* Included in accounts receivable is an amount of \$63,225 from the 2019 contribution agreement funding that was not yet collected at year end.

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Northern Distance Learning

Schedule F

For the year ended June 30, 2019

	Budget	Fort Liard	Fort Simpson	Total	March 31	June 30	Total
<b>Revenue</b>							
Education, Culture and Employment	\$ 63,415	\$ 32,951	\$ 30,464	\$ 63,415	\$ 39,954	\$ 23,461	\$ 63,415
Other	89,585	43,049	46,536	89,585	67,188	22,397	89,585
	153,000	76,000	77,000	153,000	107,142	45,858	153,000
<b>Expenses</b>							
<b>Salaries/Wages</b>							
<b>Instructional Staff</b>							
Teachers	100,000	90,591	88,692	179,283	134,462	44,821	179,283
On-site support person	50,000	15,580	30,678	46,258	29,143	17,115	46,258
<b>Non-Instructional Staff</b>							
Moodle (Online strategy)	-	-	-	-	-	-	-
DL Coordinator	-	-	-	-	-	-	-
PD - online learning field	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Network	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Coordinator travel	-	-	-	-	-	-	-
Professional Development	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-
In-service release	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
IT support	-	-	-	-	-	-	-
<b>Materials, Supplies and Freight</b>							
Computer Equipment	-	-	-	-	-	-	-
Document cameras	-	-	-	-	-	-	-
Phone	2,000	1,000	1,000	2,000	1,500	500	2,000
Laptop	-	-	-	-	-	-	-
Video (Monopad)	-	-	-	-	-	-	-
Wireless adapters and splitter	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-
Other	1,000	-	3,675	3,675	3,675	-	3,675
<b>Total expenses</b>	<b>153,000</b>	<b>107,171</b>	<b>124,045</b>	<b>231,216</b>	<b>168,780</b>	<b>62,436</b>	<b>231,216</b>
<b>Net surplus/(deficit)</b>	<b>\$ -</b>	<b>\$ (31,171)</b>	<b>\$ (47,045)</b>	<b>\$ (78,216)</b>	<b>\$ (61,638)</b>	<b>\$ (16,578)</b>	<b>\$ (78,216)</b>

# DEHCHO DIVISIONAL EDUCATION COUNCIL

## Student Success Initiative Projects

Schedule G

For the year ended June 30, 2019

	2019	2018
<b>Revenue</b>		
GNWT - Education, Culture & Employment	\$ 55,000	\$ 55,000
NWT Teachers Association	33,771	39,889
	<b>88,771</b>	<b>94,889</b>
<b>Expenses</b>		
Salaries and wages		
Facilitator fees	-	-
Substitute teacher wages	-	-
Staff	45,000	45,000
Travel		
Facilitator travel	-	-
Airfare	-	11,141
Staff travel	4,096	9,637
Accommodations	-	-
Per diems	-	-
Other expenses	-	-
Student resources		
Room rental	-	-
Refreshments	-	-
Resources	34,856	29,111
Stationary printing	4,819	-
	<b>88,771</b>	<b>94,889</b>
Surplus (Deficit)	\$ -	\$ -



# DEHCHO DIVISIONAL EDUCATION COUNCIL

Statement of Council Operations and Financial Position (Non-Consolidated)

Schedule H-1

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
<b>Government of the NWT</b>			
ECE regular contributions	\$ 12,968,962	\$ 13,301,091	\$ 13,816,950
Teaching and Learning Centres, Schedule B	-	124,000	335,000
French language instruction, Schedule D	55,000	50,000	-
ECE other contributions, Note 33	-	92,901	69,673
	13,023,962	13,567,992	14,221,623
<b>GNWT - other contributions, Note 32</b>			
	455,000	300,635	295,771
<b>Total GNWT</b>	13,478,962	13,868,627	14,517,394
<b>Government of Canada</b>			
Jordan's Principle	-	235,387	-
Government of Canada - other contributions	-	-	60,324
<b>Total Government of Canada</b>	-	235,387	60,324
<b>Self-Generated Funds</b>			
Rentals	36,000	41,200	42,800
Investment income	15,000	77,377	48,659
Contract and other	132,000	185,571	294,545
	183,000	304,148	386,004
	13,661,962	14,408,162	14,963,722
<b>Expenditure</b>			
School programs	7,989,063	7,993,295	8,378,175
Inclusive schooling	2,148,090	2,187,116	2,535,816
Student accommodations	190,950	209,201	189,403
Operations and maintenance	844,596	722,031	729,360
Administration	831,977	975,983	1,040,110
Aboriginal language/cultural programs	1,543,424	1,609,345	1,345,374
	13,548,100	13,696,971	14,218,238
<b>Excess of Revenue over Expenditure before other items</b>	\$ 113,862	\$ 711,191	\$ 745,484
<b>Other Items:</b>			
Post-employment benefit recovery (expense), Note 17		35,248	(29,663)
Payroll Expenses, Note 17		-	-
<b>Excess (Deficiency) of Revenue over Expenditure</b>	\$	746,439	\$ 715,821
<b>Accumulated surplus (deficit), beginning of year</b>		464,920	(250,901)
<b>Accumulated surplus (deficit), end of year</b>	\$	1,211,359	\$ 464,920

# DEHCHO DIVISIONAL EDUCATION COUNCIL

Details of Council Expenses (Non-Consolidated)

Schedule H-2

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	2019 Total	2019 Budget	*2018 Total
<b>Salaries</b>									
Teachers' salaries	\$ 5,973,932	\$ 965,236	\$ -	\$ -	\$ -	\$ -	\$ 6,939,168	\$ 6,781,834	\$ 7,273,922
Instruction Assistant	-	871,936	-	-	-	877,706	1,749,642	1,619,295	1,800,480
Non Instructional Staff	575,466	187,502	-	634,516	576,781	140,588	2,114,853	2,186,079	2,330,000
Board/Trustee Honoraria	-	-	-	-	23,240	75,897	99,137	117,800	132,674
	6,549,398	2,024,674	-	634,516	600,021	1,094,191	10,902,800	10,705,008	11,537,076
<b>Employee Benefits</b>									
Employee benefits and allowances	180,236	109,068	-	17,556	16,602	55,475	378,937	438,629	388,659
Leave and termination	292,154	-	-	-	53,048	-	345,202	446,987	101,568
	472,390	109,068	-	17,556	69,650	55,475	724,139	885,616	490,227
<b>Services Purchased/Contracted</b>									
Professional/Technical Services	-	-	-	-	22,881	290	23,171	35,000	31,291
Postage/Communication	40,398	-	1,394	-	57,315	-	99,107	40,000	148,634
Utilities	-	-	-	-	-	-	-	40,000	-
Travel	191,007	44,614	31,586	-	89,318	93,950	450,475	709,000	575,383
Student Travel (Bussing)	43,871	-	-	-	-	-	43,871	62,000	46,500
Advertising/Printing/Publishing	-	-	-	-	41,308	26,876	68,184	45,000	95,836
Maintenance/Repair	20,556	-	-	55,012	39,662	-	115,230	25,000	72,801
Rentals/Leases	23,049	-	-	13,200	22,192	-	58,441	78,000	58,176
Other - Contracted Services	-	1,700	146,206	1,747	-	63,942	213,595	242,000	147,005
	318,881	46,314	179,186	69,959	272,676	185,058	1,072,074	1,276,000	1,175,626
<b>Materials, Supplies and Freight</b>									
Materials	636,269	7,060	27,269	-	33,636	70,281	774,515	635,062	783,433
Freight	16,357	-	2,746	-	-	4,551	23,654	46,414	26,698
	652,626	7,060	30,015	-	33,636	74,832	798,169	681,476	810,131
<b>Contributions and Transfers</b>									
Transfers to DEA	-	-	-	-	-	199,789	199,789	-	205,178
<b>Amortization</b>									
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 7,993,295</b>	<b>\$ 2,187,116</b>	<b>\$ 209,201</b>	<b>\$ 722,031</b>	<b>\$ 975,983</b>	<b>\$ 1,609,345</b>	<b>\$ 13,696,971</b>	<b>\$ 13,548,100</b>	<b>\$ 14,218,238</b>

\* Reclassified for comparative purposes

# DEHCHO DIVISIONAL EDUCATION COUNCIL

District Education Authority Operations Summary

Non-Consolidated

For the year ended June 30, 2019

Schedule I-1

	Fort Simpson	Fort Providence	Fort Liard	Jean Marie River	Wrigley	Nahanni Butte	Sambaa K'e	Kakisa Lake	Total
<b>Revenue</b>									
Operating contributions from Divisional Council	\$ 46,152	\$ 43,277	\$ 26,498	\$ 15,615	\$ 18,920	\$ 15,877	\$ 17,501	\$ 15,949	\$ 199,789
Other contributions from Divisional Council	98,708	253,527	38,571	6,298	4,000	-	9,982	15,949	427,035
Contributions from GNWT	8,190	124,936	-	-	1,375	-	-	8,000	142,501
Self-generated funds	84,555	11,316	5,973	8,687	2,557	-	-	4,000	117,088
	<u>237,605</u>	<u>433,056</u>	<u>71,042</u>	<u>30,600</u>	<u>26,852</u>	<u>15,877</u>	<u>27,483</u>	<u>43,898</u>	<u>886,413</u>
<b>Expenditure</b>									
School programs	227,521	381,392	35,940	9,905	35,909	14,958	946	26,456	733,027
Inclusive schooling	-	-	-	-	-	-	-	-	-
Student accommodations	-	-	-	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-	8,117	-	8,117
Administration	33,571	33,991	6,575	9,268	7,691	1,065	12,245	14,982	119,388
Aboriginal language/cultural programs	8,975	65,070	17,036	7,981	-	-	5,500	-	104,562
	<u>270,067</u>	<u>480,453</u>	<u>59,551</u>	<u>27,154</u>	<u>43,600</u>	<u>16,023</u>	<u>26,808</u>	<u>41,438</u>	<u>965,094</u>
Excess (Deficiency) of Revenue over Expenditure	(32,462)	(47,397)	11,491	3,446	(16,748)	(146)	675	2,460	(78,681)
Accumulated surplus, beginning of year	61,142	120,379	40,938	15,093	80,682	24,508	7,426	5,538	355,706
Accumulated surplus, end of year	\$ 28,680	\$ 72,982	\$ 52,429	\$ 18,539	\$ 63,934	\$ 24,362	\$ 8,101	\$ 7,998	\$ 277,025
<b>Composition of Ending Accumulated Surplus</b>									
Cash	\$ 55,348	\$ 77,952	\$ 34,647	\$ 9,852	\$ 63,934	\$ 24,362	\$ 8,101	\$ (306)	\$ 273,890
Investment in GIC	-	-	17,782	-	-	-	-	-	17,782
Accounts receivable	-	4,774	-	8,687	-	-	-	8,304	21,765
Accounts payable	(26,668)	(9,744)	-	-	-	-	-	-	(36,412)
	<u>\$ 28,680</u>	<u>\$ 72,982</u>	<u>\$ 52,429</u>	<u>\$ 18,539</u>	<u>\$ 63,934</u>	<u>\$ 24,362</u>	<u>\$ 8,101</u>	<u>\$ 7,998</u>	<u>\$ 277,025</u>

**DEHCHO DIVISIONAL EDUCATION COUNCIL**

Details of DEA Expenses Summary  
 Non-Consolidated  
 For the year ended June 30, 2019

Schedule I-2

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non-instructional Staff	279,776	-	-	8,117	34,484	26,241	348,618
Board/Trustee Honorarium	4,150	-	-	-	46,041	7,700	57,891
	<u>283,926</u>	<u>-</u>	<u>-</u>	<u>8,117</u>	<u>80,525</u>	<u>33,941</u>	<u>406,509</u>
<b>Employee Benefits</b>							
Employee Benefits and Allowances	1,872	-	-	-	-	-	1,872
Leave and Termination	-	-	-	-	-	-	-
	<u>1,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,872</u>
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	1,112	-	1,112
Utilities	-	-	-	-	-	-	-
Travel	29,008	-	-	-	1,088	2,997	33,093
Student Travel (Bussing)	130,594	-	-	-	-	-	130,594
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	300	2,297	2,597
Rentals/Leases	-	-	-	-	132	12,476	12,608
Other - Awards	14,239	-	-	-	680	-	14,919
Other - Contracted Services	32,818	-	-	-	2,032	9,284	44,134
Other - School Programs	55,000	-	-	-	-	9,550	64,550
	<u>261,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,344</u>	<u>36,604</u>	<u>303,607</u>
<b>Materials/Supplies/Freight</b>							
Materials	185,570	-	-	-	32,921	34,017	252,508
Freight	-	-	-	-	598	-	598
	<u>185,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,519</u>	<u>34,017</u>	<u>253,106</u>
<b>Total</b>	<b>\$ 733,027</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,117</b>	<b>\$ 119,388</b>	<b>\$ 104,562</b>	<b>965,094</b>

# FORT SIMPSON

District Education Authority  
Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>			
Contributions from Divisional Council	\$ 46,152	\$ 46,152	\$ 48,572
Other - Dehcho DEC	-	98,708	60,956
Other - Contributions from GNWT	-	8,190	7,950
Other	-	84,555	92,833
	46,152	237,605	210,311
<b>Expenses</b>			
School programs	29,652	227,521	112,606
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Administration	12,500	33,571	71,323
Aboriginal language/cultural programs	4,000	8,975	8,580
	46,152	270,067	192,509
Surplus (Deficit)	\$ -	(32,462)	17,802
Opening equity		61,142	43,340
Closing equity		\$ 28,680	\$ 61,142
<b>Composition of Closing Equity</b>			
Cash		\$ 55,348	\$ 68,778
Accounts receivable		-	-
Accounts payable		(26,668)	(7,636)
		\$ 28,680	\$ 61,142

## FORT SIMPSON

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	79,582	-	-	-	-	-	79,582
Board/Trustee Honoraria	-	-	-	-	11,682	-	11,682
	<u>79,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,682</u>	<u>-</u>	<u>91,264</u>
<b>Employee Benefits</b>							
Employee Benefits/Allowances	1,872	-	-	-	-	-	1,872
Leave and Termination Benefits	-	-	-	-	-	-	-
	<u>1,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,872</u>
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	900	-	-	-	-	-	900
Student Travel (Bussing)	123,169	-	-	-	-	-	123,169
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Student Awards	6,572	-	-	-	-	-	6,572
Other - Contracted Services	-	-	-	-	710	-	710
Other - School programs	5,569	-	-	-	-	8,000	13,569
	<u>136,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710</u>	<u>8,000</u>	<u>144,920</u>
<b>Materials/Supplies/Freight</b>							
Materials	9,857	-	-	-	20,628	975	31,460
Freight	-	-	-	-	551	-	551
	<u>9,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,179</u>	<u>975</u>	<u>32,011</u>
<b>Total</b>	<b>\$ 227,521</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,571</b>	<b>\$ 8,975</b>	<b>\$ 270,067</b>

# FORT PROVIDENCE

District Education Authority  
Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 43,277	\$ 43,277	\$ 45,367
Other - Dehcho DEC	-	253,527	318,959
Other - Contributions from GNWT	-	124,936	84,236
Other	-	11,316	32,038
	<u>43,277</u>	<u>433,056</u>	<u>480,600</u>
<b>Expenses</b>			
School programs	20,002	381,392	330,528
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Administration	21,275	33,991	45,115
Aboriginal language/cultural programs	2,000	65,070	83,028
	<u>43,277</u>	<u>480,453</u>	<u>458,671</u>
Surplus (Deficit)	\$ -	(47,397)	21,929
Opening equity		120,379	98,450
Closing equity		\$ 72,982	\$ 120,379
<b>Composition of Closing Equity</b>			
Cash		\$ 77,952	\$ 57,437
Accounts receivable		4,774	62,942
Accounts payable		(9,744)	-
		<u>\$ 72,982</u>	<u>\$ 120,379</u>

## FORT PROVIDENCE

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	199,857	-	-	-	9,318	4,366	213,541
Board/Trustee Honoraria	1,000	-	-	-	12,617	7,700	21,317
	<u>200,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,935</u>	<u>12,066</u>	<u>234,858</u>
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	1,112	-	1,112
Utilities	-	-	-	-	-	-	-
Travel	26,502	-	-	-	-	2,997	29,499
Student Travel (Bussing)	7,425	-	-	-	-	-	7,425
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	2,297	2,297
Rentals/Leases	-	-	-	-	-	12,476	12,476
Other - Awards/Gifts	2,859	-	-	-	-	-	2,859
Other - Contracted Services	28,932	-	-	-	179	9,284	38,395
Other - School programs	8,954	-	-	-	-	-	8,954
	<u>74,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,291</u>	<u>27,054</u>	<u>103,017</u>
<b>Materials/Supplies/Freight</b>							
Materials	105,863	-	-	-	10,718	25,950	142,531
Freight	-	-	-	-	47	-	47
	<u>105,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,765</u>	<u>25,950</u>	<u>142,578</u>
<b>Total</b>	<b>\$ 381,392</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,991</b>	<b>\$ 65,070</b>	<b>\$ 480,453</b>



# FORT LIARD

## District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 26,498	\$ 26,498	\$ 27,928
Other - Dehcho DEC	-	38,571	46,755
Other - Contributions from GNWT	-	-	-
Other	-	5,973	1,388
	<u>26,498</u>	<u>71,042</u>	<u>76,071</u>
<b>Expenses</b>			
School programs	15,248	35,940	45,881
Inclusive Schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Administration	9,250	6,575	7,895
Aboriginal language/cultural programs	2,000	17,036	11,764
	<u>26,498</u>	<u>59,551</u>	<u>65,540</u>
Surplus (Deficit)	\$ -	11,491	10,531
Opening equity		40,938	30,407
Closing equity		\$ 52,429	\$ 40,938
<b>Composition of Closing Equity</b>			
Cash		\$ 34,647	\$ 40,938
Investment in GIC		17,782	-
Accounts receivable		-	-
Accounts payable		-	-
		<u>\$ 52,429</u>	<u>\$ 40,938</u>

# FORT LIARD

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	337	-	-	-	-	12,075	12,412
Board/Trustee Honoraria	-	-	-	-	5,201	-	5,201
	337	-	-	-	5,201	12,075	17,613
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	4,508	-	-	-	-	-	4,508
Other - Contracted Services	-	-	-	-	149	-	149
Other - Local Programs	560	-	-	-	-	1,550	2,110
	5,068	-	-	-	149	1,550	6,767
<b>Materials/Supplies/Freight</b>							
Materials	30,535	-	-	-	1,225	3,411	35,171
Freight	-	-	-	-	-	-	-
	30,535	-	-	-	1,225	3,411	35,171
<b>Total</b>	<b>\$ 35,940</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,575</b>	<b>\$ 17,036</b>	<b>\$ 59,551</b>

# JEAN MARIE RIVER

## District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>			
Contributions from Divisional Council	\$ 15,615	\$ 15,615	\$ 15,835
Other - Dehcho DEC	-	6,298	10,078
Other - Contributions from GNWT	-	-	-
Other	-	8,687	1,525
	<b>15,615</b>	<b>30,600</b>	<b>27,438</b>
<b>Expenses</b>			
School programs	2,665	9,905	13,217
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Administration	10,950	9,268	10,863
Aboriginal language/cultural programs	2,000	7,981	1,033
	<b>15,615</b>	<b>27,154</b>	<b>25,113</b>
Surplus (Deficit)	\$ -	3,446	2,325
Opening equity		15,093	12,768
Closing equity		\$ 18,539	\$ 15,093
<b>Composition of Closing Equity</b>			
Cash		\$ 9,852	\$ 15,093
Accounts receivable		8,687	-
Accounts payable		-	-
		<b>\$ 18,539</b>	<b>\$ 15,093</b>

## JEAN MARIE RIVER

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	5,635	4,300	9,935
Board/Trustee Honoraria	3,150	-	-	-	2,280	-	5,430
	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,915</u>	<u>4,300</u>	<u>15,365</u>
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	1,606	-	-	-	-	-	1,606
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	300	-	300
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	300	-	-	-	680	-	980
Other - Contracted Services	-	-	-	-	148	-	148
Other - School Programs	1,050	-	-	-	-	-	1,050
	<u>2,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128</u>	<u>-</u>	<u>4,084</u>
<b>Materials/Supplies/Freight</b>							
Materials	3,799	-	-	-	225	3,681	7,705
Freight	-	-	-	-	-	-	-
	<u>3,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>3,681</u>	<u>7,705</u>
<b>Total</b>	<b>\$ 9,905</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,268</b>	<b>\$ 7,981</b>	<b>\$ 27,154</b>

# WRIGLEY

## District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 18,920	\$ 18,920	\$ 18,865
Other - Dehcho DEC	-	4,000	-
Other - Contributions from GNWT	-	1,375	-
Other	-	2,557	13,926
	<u>18,920</u>	<u>26,852</u>	<u>32,791</u>
<b>Expenses</b>			
School programs	4,870	35,909	12,139
Inclusive schooling	-	-	-
Student accomodations	-	-	-
Operations and maintenance	-	-	-
Administration	12,050	7,691	4,418
Aboriginal language/cultural programs	2,000	-	-
	<u>18,920</u>	<u>43,600</u>	<u>16,557</u>
Surplus (Deficit)	\$ -	(16,748)	16,234
Opening equity		80,682	64,448
Closing equity		\$ 63,934	\$ 80,682
<b>Composition of Closing Equity</b>			
Cash		\$ 63,934	\$ 80,682
Accounts receivable		-	-
Accounts payable		-	-
		<u>\$ 63,934</u>	<u>\$ 80,682</u>

# WRIGLEY

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	6,325	-	6,325
	-	-	-	-	6,325	-	6,325
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	1,088	-	1,088
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	278	-	278
Other - Local programs	23,909	-	-	-	-	-	23,909
	23,909	-	-	-	1,366	-	25,275
<b>Materials/Supplies/Freight</b>							
Materials	12,000	-	-	-	-	-	12,000
Freight	-	-	-	-	-	-	-
	12,000	-	-	-	-	-	12,000
<b>Total</b>	<b>\$ 35,909</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,691</b>	<b>\$ -</b>	<b>43,600</b>

# NAHANNI BUTTE

District Education Authority  
Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>			
Contributions from Divisional Council	\$ 15,877	\$ 15,877	\$ 15,932
Other - Dehcho DEC	-	-	-
Other - Contributions from GNWT	-	-	-
Other	-	-	-
	<b>15,877</b>	<b>15,877</b>	<b>15,932</b>
<b>Expenses</b>			
School programs	2,927	14,958	12,434
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Administration	10,950	1,065	885
Aboriginal language/cultural programs	2,000	-	-
	<b>15,877</b>	<b>16,023</b>	<b>13,319</b>
Surplus (Deficit)	\$ -	(146)	2,613
Opening equity		24,508	21,895
Closing equity	\$	24,362	\$ 24,508
<b>Composition of Closing Equity</b>			
Cash	\$	24,362	\$ 24,508
Accounts receivable		-	-
Accounts payable		-	-
	\$	24,362	\$ 24,508

## NAHANNI BUTTE

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	725	-	725
	-	-	-	-	725	-	725
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	215	-	215
Other - School Programs	14,958	-	-	-	-	-	14,958
	14,958	-	-	-	215	-	15,173
<b>Materials/Supplies/Freight</b>							
Materials	-	-	-	-	125	-	125
Freight	-	-	-	-	-	-	-
	-	-	-	-	125	-	125
<b>Total</b>	\$ 14,958	\$ -	\$ -	\$ -	1,065	\$ -	16,023



## Sambaa K'e (formerly Trout Lake)

District Education Authority  
Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 17,501	\$ 17,501	\$ 16,840
Other - Dehcho DEC	-	9,982	9,298
Other - Contributions from GNWT	-	-	-
Other	-	-	3,420
	<b>17,501</b>	<b>27,483</b>	<b>29,558</b>
<b>Expenses</b>			
School programs	4,551	946	780
Inclusive schooling	-	-	-
Student accomodations	-	-	-
Operations and maintenance	-	8,117	7,898
Administration	10,950	12,245	15,416
Aboriginal language/cultural programs	2,000	5,500	6,938
	<b>17,501</b>	<b>26,808</b>	<b>31,032</b>
Surplus (Deficit)	\$ -	675	(1,474)
Opening equity		7,426	8,900
Closing equity		\$ 8,101	\$ 7,426
<b>Composition of Closing Equity</b>			
Cash		\$ 8,101	\$ 7,426
Accounts receivable		-	-
Accounts payable		-	-
		<b>\$ 8,101</b>	<b>\$ 7,426</b>

## Sambaa K'e (formerly Trout Lake)

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	8,117	4,681	5,500	18,298
Board/Trustee Honoraria	-	-	-	-	7,211	-	7,211
	-	-	-	8,117	11,892	5,500	25,509
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	353	-	353
Other - Contracted Services	-	-	-	-	-	-	-
	-	-	-	-	353	-	353
<b>Materials/Supplies/Freight</b>							
Materials	946	-	-	-	-	-	946
Freight	-	-	-	-	-	-	-
	946	-	-	-	-	-	946
<b>Total</b>	\$ 946	\$ -	\$ -	\$ 8,117	\$ 12,245	\$ 5,500	\$ 26,808

# KAKISA LAKE

District Education Authority  
Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>			
Contributions from Divisional Council	\$ 15,949	\$ 15,949	\$ 15,839
Other - Dehcho DEC	-	15,949	12,578
Other - Contributions from GNWT	-	8,000	7,000
Other	-	4,000	2,037
	<u>15,949</u>	<u>43,898</u>	<u>37,454</u>
<b>Expenditure</b>			
School programs	2,999	26,456	16,438
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Administration	10,950	14,982	18,794
Aboriginal language/cultural programs	2,000	-	698
	<u>15,949</u>	<u>41,438</u>	<u>35,930</u>
Surplus (Deficit)	\$ -	2,460	1,524
Opening equity		5,538	4,014
Closing equity		\$ 7,998	\$ 5,538
<b>Composition of Closing Equity</b>			
Cash		\$ (306)	\$ 5,538
Accounts receivable		8,304	-
Accounts payable		-	-
		<u>\$ 7,998</u>	<u>\$ 5,538</u>

# KAKISA LAKE

District Education Authority  
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Indigenous Languages and Education	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	14,850	-	14,850
Board/Trustee Honoraria	-	-	-	-	-	-	-
	-	-	-	-	14,850	-	14,850
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	132	-	132
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	3,886	-	-	-	-	-	3,886
Other - School Programs	-	-	-	-	-	-	-
	3,886	-	-	-	132	-	4,018
<b>Materials/Supplies/Freight</b>							
Materials	22,570	-	-	-	-	-	22,570
Freight	-	-	-	-	-	-	-
	22,570	-	-	-	-	-	22,570
<b>Total</b>	<b>\$ 26,456</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,982</b>	<b>\$ -</b>	<b>41,438</b>

**Dettah District Education Authority**

**Financial Statements**

**June 30, 2019**

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# Deftah District Education Authority

## Financial Statements

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June 30, 2019

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# Management Discussion and Analysis

## Introduction

### **Dettah District Education Authority Administration:**

Metro Huculak – Superintendent of Yellowknife Educational District #1  
Lea Lamoureux – Principal, Regional Inclusive Schooling Coordinator, and Regional Indigenous Languages in Education Coordinator of Kaw Tay Whee School  
Sally Ann Drygeese - Administration/Educational Assistant

### **Current DEA Members:**

Rebecca Plotner – Chairperson  
Charlene Liske- Vice Chair  
Jessica DeLeary- Member  
Mary Liske- Member  
James Sanderson – Member  
Beatrice Sangris – Member  
(Anne) Marie Hardisty- Member

### **Acknowledgements:**

The Dettah District Education Authority acknowledges the preparation of the Annual Management Discussion and Analysis as a go-forward responsibility of school management/administration and the Board Members to promote transparency and accountability.

### **Vision Statement:**

“To create a safe learning environment where students can develop both academic and traditional skills as they become community leaders.”

### **Mission Statement:**

“We believe in working together to create a thriving community through education, culture and pride.”

### **Core Strategies:**

- Develop, build, and maintain strong and respectful working relationships between the Dettah District Education Authority and Kaw Tay Whee School management/administration and staff to best serve students and families
- Provide daily instruction in the Wiiliideh language and frequent opportunities for students to learn traditional ways of the community
- Recruit, train, and retain high quality, and highly qualified teaching and support staff to best serve current and future students; ensuring opportunities to engage in the local language and cultural practices and learning
- Support school staff team to provide a whole-child educational experience and to provide a “wrap-around” services model to better support families in the community
- Actively engage in ensuring that students from the community from junior kindergarten to grade twelve attend and engage in educational opportunities; and work with extended families to promote the importance of school attendance and graduation; providing students and families with guidance and support to navigate larger school settings and systems as needed
- Offer opportunities for pre-school aged children (0-5) to be involved in the wider life of the school to ease the transition when it is time for these children to register for school
- Support school management in their advocacy for services to be offered in the community school so as to ease challenges with system navigability; including but not limited to health services
- Plan for the future of a healthy thriving school and the possible provision of needed early intervention by networking and supporting new families and new parents



- Carefully ensure maximum fiscal responsibility to best meet the specific needs of students in and out of school; and ensure that the school is able to operate three classrooms at minimum in order to minimize the number of grades taught by each teacher
- Support school staff team in their quest to provide ample opportunities for students to have a wide variety of learning experiences so as to broaden their general knowledge base, and have a positive impact on personal health, well-being, confidence, and strong personal cultural identity
- Support school staff team in their quest to improve access to mental health services in the school setting, and to build their own knowledge and skillset in this area

#### **Active Committees:**

The Dettah District Education Authority has two main committees, comprised of the hiring committee and the finance committee. Each committee has two members, and the chairperson is also automatically added to each committee.

As a core value of the Dettah District Education Authority is collaboration and partnership with the school administration, the committees meet on an as-needed basis, and conduct business in collaboration with school management/administration.

#### **School Staff Equivalents:**

In 2017-2018, the DDEA began a small alternative high school program the FTE enrolment of Kaw Tay Whee School was 35.50 FTE students from junior kindergarten to grade 12. The total enrolment of Dettah students in all schools up to grade 12 was 55.50. The school continues to run this small program.

In 2018-2019, the school employed 3.0 full time teachers, 1.0 language teacher/EA, 1.0 PST, and 1.0 teaching principal, who also encompassed the role of Regional Inclusive Schooling Coordinator (RISC) and Regional Indigenous Languages in Education Coordinator (RILE).

When considering school population and staffing, it is important to note that the teaching principal/RISC/RILE position includes a variety of responsibilities, not normally required in this role. This is due to the unique position of the Dettah District Education Authority.

The Dettah District Education Authority contracts superintendency services from Yellowknife Education District Number One.

- The DDEA is site-based-managed for funding, and is also independently audited. The day-to-day responsibilities and management of these tasks is part of the principal's job; as are any responsibilities that are designated to him/her by the DEA Chair
- The principal therefore is responsible to ensure that documentation is ready for the annual financial audited statements
- The principal is responsible for working with contractors, the GNWT, and many other bodies directly, as opposed to being filtered through school-board level coordinators
- The principal is also responsible for all pieces of the complete Operating Plan (Accountability Framework), Annual Report, and the Inclusive Schooling Compliance Tool
- Of importance to note is that the DEA is not funded for a comptroller, superintendent, or principal position. Additionally, the school is not funded in full for the .50 custodial position or for the provision of required services, such as the audit.

### **Operating Environment**

#### **Strengths and Opportunities:**

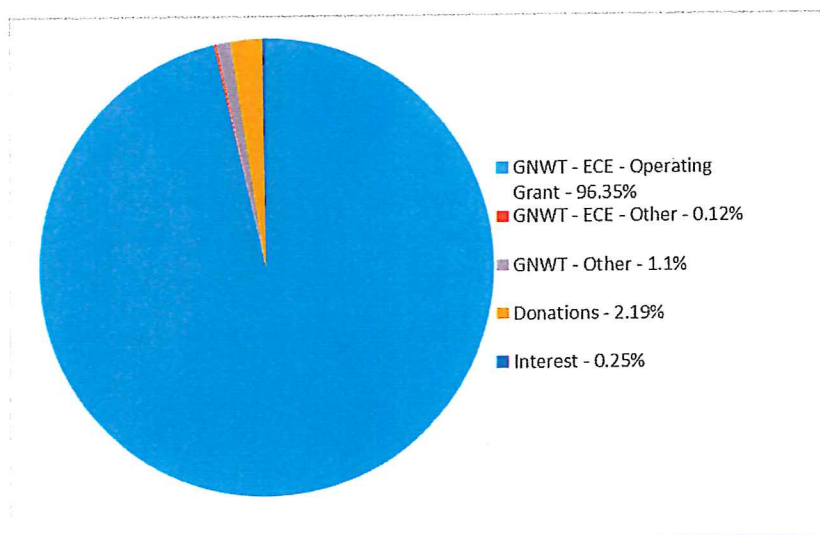
- Consistently positive working relationship between Dettah District Education Authority and Kaw Tay Whee School Staff; maximizing the potential for a positive learning environment for students and support for families
- An increase in the amount and quality of instruction in the local Wiiliideh language, by a caring, and qualified individual from the community
- An increase in grades offered over the past several years, to now encompass junior kindergarten to the alternative high school program; therefore maximizing potential for students to access high quality learning in the home community, and ensuring that there are no barriers with transportation if a student is late. This year, the school has continued to offer grade nine to students following IEPs, should they wish to remain in the community

- Over the past twelve years, the school and school staff have received many accolades and awards; including the Prime Minister’s Award for Teaching Excellence Certificate of Achievement, and a Canada’s Outstanding Principal award; attesting to the change in student achievement, and attendance
- The Dettah District Education Authority and school management have carefully managed funds to ensure that a small surplus is available for the future, should enrollment change due to families moving out of the community, for a low birth year, or for a year where many students transition to high school in Yellowknife. All of these circumstances result in a major negative impact on school enrollment and subsequently on the funding that is allocated to the school

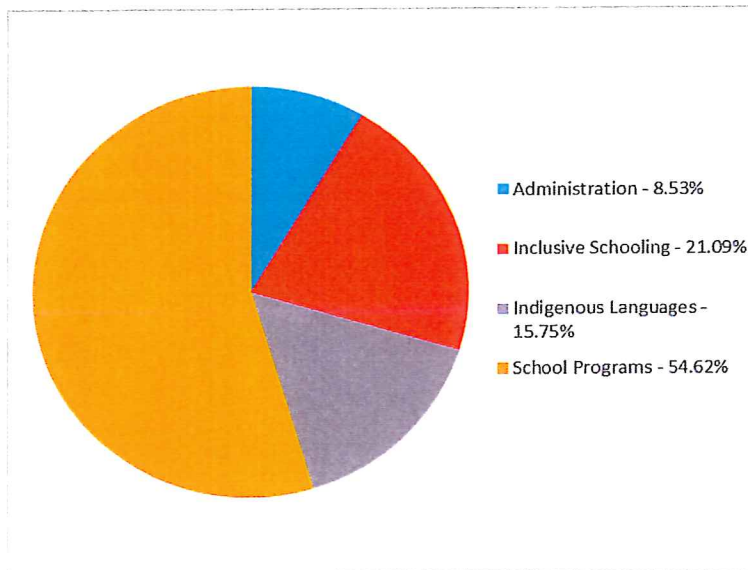
**Challenges and Threats:**

- As discussed above, the DEA continued to plan for financial challenges as many positions or services have either been cut in the funding, or do not receive any funding; examples include a cut to the custodian position, bus funding that does not provide for the actual cost amount, the fee for superintendency services, as well as fees for any book-keeping or the annual audit.
- As in years past; due to large families moving away from Dettah, or a low birth year in the community, school enrollment can be volatile and unpredictable from year to year; thus providing a challenge for the number of grades offered in one room, and in providing assistance for those students requiring one-on-one support. In order to minimize threat, as school funding changes, the DDEA has ensured a small surplus to attempt to maintain the integrity of school programming and staff allocations to best meet the needs of our students.

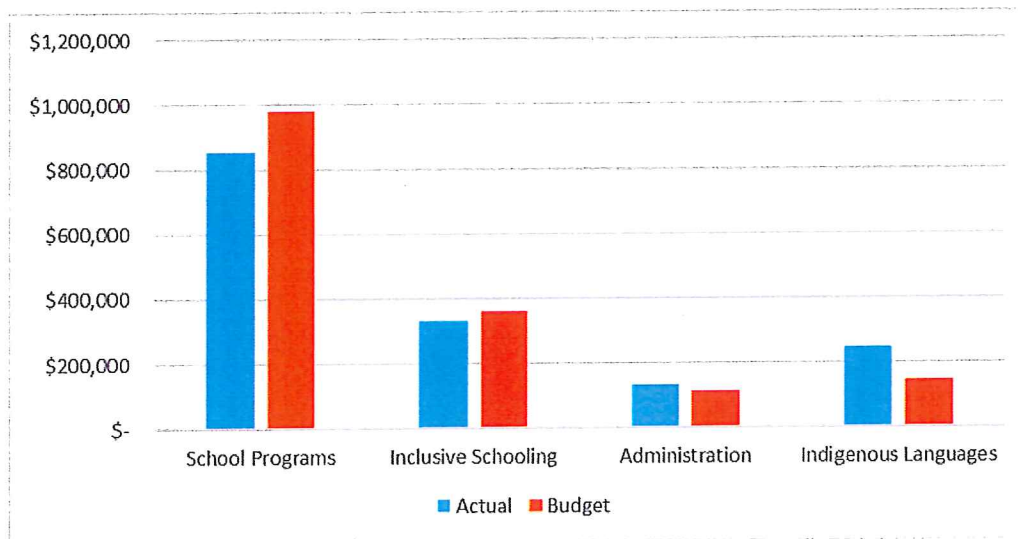
**Operating Revenue for DDEA in 2019**



**Expenditures by Program for DDEA in 2019**



**Operating Expenditures Actuals Compared to Budget for DDEA in 2019**



**Financial Condition**

The Authority's financial assets increased from \$456,356 to \$745,322. This year the net financial assets (financial assets less liabilities) were \$438,874 compared to \$279,828 in the prior year indicating a stronger financial position.

The Authority had an operating surplus of \$141,322 for the year compared to an operating surplus of \$17,724 in the prior year. The 2018-19 surplus can be attributed to increased regular contributions from Government of Northwest Territories department of Education, Culture and Employment. The accumulated surplus at year end is \$438,874.

The Yellowknife Education District #1 Payable increased from \$82,699 to \$179,187. The increase is due to the Authority having three months of payroll payable at yearend compared to only two months in 2018.

Dettah DEA received 97% (2018 - 97%) of its funding from the GNWT. The core funding increased from \$1,296,264 to \$1,640,745 in the current year.

## **Summary and Outlook**

### **Achievements and Successes:**

- In June 2019; five former students of Kaw Tay Whee School graduated from high school. This is a major change in the trend.
- Students in need of speech support has continued to grow; yet students received one-on-one support on a daily basis to improve their skills
- School staff remained consistent; with over 50% of employees being employed at the school for five years or longer
- Attendance of community members and family members at school events continued to increase

### **Top Priority Challenges for the Coming Year:**

- As in years past, due to a high number of families moving out of Dettah, and several students beginning grade 9, student enrollment is projected to potentially decrease for the 2018-2019 school year; thus potentially having a financial impact on the funding allocations for the 2019-2020 school year
- In order to minimize the impact on school programming, and experiences, school management will continue to work with outside stakeholders and partners to provide opportunities for students without impacting current allocations.



## Management's Responsibility for Financial Reporting

To the Minister of Education, Culture and Employment  
Government of Northwest Territories  
Dettah District Education Authority

### Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2019


The Management Discussion and Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed and approved by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Dettah District Education Authority (the "Authority") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Dettah District Education Authority have been conducted within the statutory powers of the Education Authority. The operations and administration of the Education Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, *Human Resources Manual*, Ministerial Directives and the policies of the Education Authority Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Dettah District Education Authority

  
\_\_\_\_\_  
Superintendent  
Dettah District Education Authority

September 27, 2019

## Independent Auditors' Report

### To the Minister of Education, Culture and Employment Government of Northwest Territories

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Dettah District Education Authority (the "Authority") which comprise the Statement of Financial Position as at June 30, 2019 and the Statement of Changes in Net Assets, Statements of Operations and Statement of 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 Dettah District Education Authority as at June 30, 2019, and its financial performance 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 Authority 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 Management Discussion and Analysis, but does not include the financial statements and our auditors' 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.



## Independent Auditors' Report (continued)

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

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

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 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 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.





## **Independent Auditors' Report (continued)**

### ***Report on Compliance with Specified Authorities***

In conjunction with the audit of the financial statements, we have audited transactions of the Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Government of the Northwest Territories - Department of Education, Culture and Employment.

In our opinion, the transactions of the Authority 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.

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

A handwritten signature in black ink that reads "Crowe Mackay LLP". The signature is written in a cursive, flowing style.

**Yellowknife, Northwest Territories  
September 27, 2019**

**Chartered Professional Accountants**

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**Dettah District Education Authority**

**Statement of Financial Position**

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As at June 30, 2019                      2018

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**Financial Assets**

Cash and cash equivalents (Note 4) \$ 745,322    \$ 456,356

**Liabilities**

Accounts payable and accrued liabilities (Note 10) 39,353                      44,794  
Payroll liabilities (Note 10) 3,231                      3,049  
Contributions repayable (Note 12) 2,000                      -  
Due to Yellowknife Education District #1 (Note 24) 179,187                      82,699  
Deferred revenue (Note 11) 52,400                      -  
Leave and termination benefit (Note 17) 30,277                      28,262

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**306,448                      158,804**

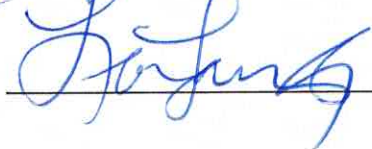
**Accumulated Surplus and Net Financial Assets** **\$ 438,874    \$ 297,552**

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**Contractual obligations and contingencies (Note 22 and 23)**

**Approved on behalf of the Education Authority**

 *for* Rebecca Plotner  
Chairperson

  
Principal

# Dettah District Education Authority

## Statement of Operations

For the year ended June 30,	2019	2019	2018
	Budget (unaudited)	Actual	Actual
<b>Revenues</b>			
<b>Government of the NWT</b>			
ECE Regular Contributions	\$ 1,624,744	\$ 1,640,745	\$ 1,296,264
ECE Other Contributions (Note 31)	-	2,000	35,700
<b>Total ECE</b>	1,624,744	1,642,745	1,331,964
Other GNWT Contributions (Note 32)	25,000	18,667	17,000
<b>Total GNWT</b>	1,649,744	1,661,412	1,348,964
<b>Government of Canada</b>			
Jordan's Principle (Schedule 5)	-	52,400	-
Transfer to deferred revenue	-	(52,400)	-
<b>Education Body Generated Funds</b>			
Donations	-	37,308	33,083
Investment Income	-	4,263	1,588
<b>Total Generated Funds</b>	-	41,571	34,671
	-	-	-
<b>Total Revenues</b>	<b>\$ 1,649,744</b>	<b>\$ 1,702,983</b>	<b>\$ 1,383,635</b>
<b>Expenditures (Schedule 1)</b>			
Administration	113,600	133,254	124,114
School Programs	980,094	853,050	793,505
Inclusive Schooling	360,338	329,340	318,747
Indigenous Languages	146,411	246,017	129,545
	<b>\$ 1,600,443</b>	<b>\$ 1,561,661</b>	<b>\$ 1,365,911</b>
<b>Operating Surplus (deficit) before other items</b>	<b>49,301</b>	<b>141,322</b>	<b>17,724</b>
<b>Other Items</b>			
Grant in-kind - Assets provided at no cost (Note 21)	-	42,111	42,111
Rent expense - Assets provided at no cost (Note 21)	-	(42,111)	(42,111)
<b>Operating Surplus (deficit)</b>	<b>49,301</b>	<b>141,322</b>	<b>17,724</b>
<b>Opening Accumulated Surplus</b>	<b>297,552</b>	<b>297,552</b>	<b>279,828</b>
<b>Closing Accumulated Surplus</b>	<b>\$ 346,853</b>	<b>\$ 438,874</b>	<b>\$ 297,552</b>

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**Dettah District Education Authority**

**Statement of Changes in Net Assets**

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<b>For the year ended June 30,</b>	<b>2019</b>	<b>2018</b>
<b>Operating surplus</b>	<b>\$ 141,322</b>	<b>\$ 17,724</b>
<b>Net assets, beginning of year</b>	<b>297,552</b>	<b>279,828</b>
<b>Net assets, end of year</b>	<b>\$ 438,874</b>	<b>\$ 297,552</b>

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## Dettah District Education Authority

### Statement of Cash Flows

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For the year ended June 30,	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating transactions</b>		
Operating surplus (deficit)	\$ 141,322	\$ 17,724
<b>Changes in non-cash assets and liabilities</b>		
Increase (decrease) accounts payable	(5,443)	(4,398)
Increase (decrease) payroll liabilities	184	(32)
Increase (decrease) due to Yellowknife District Education #1	96,488	(56,895)
Increase (decrease) contribution repayable	2,000	-
Increase (decrease) deferred revenue	52,400	-
Increase (decrease) post employment benefits	2,015	(420)
	<b>147,644</b>	<b>(61,745)</b>
<b>Cash provided by (used in) operating transactions</b>	<b>288,966</b>	<b>(44,021)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>288,966</b>	<b>(44,021)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>456,356</b>	<b>500,377</b>
<b>Cash and cash equivalents at end of year (Note 4)</b>	<b>\$ 745,322</b>	<b>\$ 456,356</b>

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# Dettah District Education Authority

## Notes to Consolidated Financial Statements

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June 30, 2019

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### 1. Nature of Operations

The Dettah District Education Authority (the "Authority") was established under the *Education Act* of the Government of the Northwest Territories ("GNWT") by order of the Minister dated February 12, 2004. Its purpose is to administer and maintain the standards of educational programs in Dettah as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 is offered by the Authority.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Authority includes all aspects of operation and management. The Authority is the lowest (and sole) level of government exercising oversight responsibility.

The Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing the function of government in Canada is exempt from taxation.

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards. The financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

#### (b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

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## **Detah District Education Authority**

### **Notes to Consolidated Financial Statements**

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**June 30, 2019**

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#### **2. Significant Accounting Policies (continued)**

##### **(c) 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.

Financial assets measured at amortized cost include cash and cash equivalents.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities, contributions repayable, leave and termination benefits and amounts due to Yellowknife Education District #1.

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.

##### **(d) Non-Financial Assets**

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Authority because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Authority.

##### **(e) Tangible Capital Assets**

All buildings and works, furniture, equipment and vehicles are the property of the Government of the Northwest Territories. The Minister grants to the Education Authority the full occupancy and use of such facilities and equipment where requested for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the Government of the Northwest Territories. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

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## **Dettah District Education Authority**

### **Notes to Consolidated Financial Statements**

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**June 30, 2019**

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#### **2. Significant Accounting Policies (continued)**

##### **(f) Revenue Recognition**

###### **Government Transfers:**

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

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

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital asset are recognized as acquired or built.

###### **GNWT - Regular Contributions:**

The regular contributions from the GNWT is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT. The contribution revenue is recognized when received or receivable.

###### **Other contributions**

The Education Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Other revenue is recorded as the service is provided and receipt is reasonably assured.

###### **Deferred revenue**

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

###### **Investment income**

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

###### **Donations**

Donations are recognized in the period they are received.

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## **Deftah District Education Authority**

### **Notes to Consolidated Financial Statements**

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**June 30, 2019**

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#### **2. Significant Accounting Policies (continued)**

##### **(f) Revenue recognition (continued)**

###### **Special Purpose Funds**

School activity funds which are fully controlled by the Education Authority with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Education Authority are not included even if custody of the funds is held by the Education Authority. Examples of excluded funds might be student clubs or associations for which the Education Authority has no ongoing responsibility of liability for losses.

##### **(g) Budget Data**

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Authority and the budget is legally adopted by a motion of the Board in accordance with Section 135 (3) of the *Education Act*.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(2) of the *Education Act*.

Budget approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Authority.

The budget may be amended within a given fiscal year in accordance with Education Authority policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the Minister approved budget for the school year.

##### **(h) 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

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## **Dettah District Education Authority**

### **Notes to Consolidated Financial Statements**

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**June 30, 2019**

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#### **2. Significant Accounting Policies (continued)**

##### **(i) Inventories Including Materials and Supplies**

Inventories of books, materials, supplies and other expendables purchased by the Education Authority are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

##### **(j) Payroll Liabilities**

Teacher payrolls for July and August are accrued.

##### **(k) Post-employment Benefits, Compensated Absences and Termination Benefits**

Under the terms and conditions of employment, education board 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumption based on management's best estimates.

##### **(l) Expenditures**

Expenditures are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include entitlements and grants and are recorded as expenditures when the transfer is authorized and eligibility criteria have been met by the recipient.

##### **(m) Foreign Currency Translation**

Foreign currency transactions are to be translated in Canadian dollars. Revenues and expenditures denominated in a foreign currency are reported at a rate in the date of the transaction. Monetary items that have yet to be settled at the exchange rate are translated at the exchange rate in effect on the date of financial statement. Exchange gain or loss resulting from foreign exchange rate would be accounted for in the financial statement.

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# Dettah District Education Authority

## Notes to Consolidated Financial Statements

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June 30, 2019

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### 2. Significant Accounting Policies (continued)

#### (n) Segment Disclosures

The Schedule of Operating Fund - Detail of Expenditures has been prepared in accordance with PS Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expenditure activities of the Board. For each reported segment, revenue and expenditures represent amounts directly attributable to each segment. Segments include:

School Programs: pertains to the provision of instructional services that falls under the basic public education mandate.

Inclusive Schooling: pertains to access to quality education for all students by effectively meeting their diverse needs.

Administration: pertains to the provision of board governance and central office administration, operation and maintenance.

Indigenous Languages: pertains to indigenous language resource development, support for language teachers and instructors, and enhance community engagement.

Transfers and others: pertains to amortization, debenture interest and gain or loss on sale (disposal) of tangible capital assets.

During the year the segments; Operations and Maintenance and Administration were combined to comprise the segment above titled Administration.

### 3. Future Accounting Changes

#### Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after July 1, 2021 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. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

#### Revenue, Proposed 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, 2022. Earlier adoption is permitted.

The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

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## Dettah District Education Authority

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 4. Cash and Cash Equivalents

	2019	2018
Cash and cash equivalents	\$ 745,322	\$ 456,356

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#### 5. Special Purpose Funds

The Education Authority does not have special purpose funds.

#### 6. Restricted Assets

The Education Authority does not have restricted assets.

#### 7. Portfolio Investments

The Education Authority does not have any portfolio investments.

#### 8. Accounts Receivable

The Education Authority does not have any accounts receivable.

#### 9. Inventory

The Authority does not record inventory as per note 2(i).

#### 10. Accounts Payable and Accrued Liabilities

	2019	2018
Trade payable	\$ 39,353	\$ 44,794
Payroll liabilities	3,231	3,049
	<hr/>	<hr/>
	\$ 42,584	\$ 47,843

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## Dettah District Education Authority

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 11. Deferred Revenue

	2019	2018
<b>Government of Canada</b>		
Jordan's Principle	\$ 52,400	\$ -

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#### 12. Contributions Repayable

	2019	2018
<b>Government of the Northwest Territories</b>		
Department of Education, Culture and Employment	\$ 2,000	-

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#### 13. Due From and To the Government of Canada

The Education Authority does not have amounts due from and due to the Government of Canada.

#### 14. Capital Lease Obligations

The Education Authority does not have capital lease obligations.

#### 15. Pensions

The Education Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$38,345. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$171,368 for January 2019, and \$166,787 for January 2018. The maximum monthly contributions is \$3,026 for January 2019, and \$2,944 for January 2018.

NEBS is an employer owned program and as such the Education Authority will be liable for its portion of any shortfall. The Plan serves 3202 Employee Members and 111 Employer Members (total active, disabled and on leave 1,930).

As of January 1, 2019, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$25,300,000 - funded ratio 112% (2018 - \$24,000,000 and 112%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$128,900,000 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2018, the NEBS Pension plan Trust Fund balance of \$15,123,613.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

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## Dettah District Education Authority

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 16. Long-Term Debt

The Education Authority does not have long-term debt.

#### 17. Post Employment Benefits and Compensated Absences and Termination Benefits

In addition to the pension benefits, the Education Authority 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 Education Authority'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 employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

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

#### Valuation results

The actuarial valuation was completed as at March 31, 2019. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2019 and the results extrapolated to June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

	Severance and Removal	Compensated Absences	2019
<b>Changes in Obligations</b>			
Accrued benefit obligation, beginning of year	\$ 14,538	\$ 5,925	\$ 20,463
Current period benefit cost	1,823	508	2,331
Interest accrued	553	217	770
Benefits payments	-	(178)	(178)
Actuarial (gain)/loss	1,988	1,342	3,330
<b>Accrued benefit obligations end of year</b>	<b>(18,902)</b>	<b>(7,814)</b>	<b>(26,716)</b>
<b>Unamortized net actuarial loss</b>	<b>(4,064)</b>	<b>503</b>	<b>(3,561)</b>
<b>Accrued benefit liability</b>	<b>(22,966)</b>	<b>(7,311)</b>	<b>(30,277)</b>
<b>Benefit expenses</b>			
Current service costs	1,823	508	2,331
Interest costs	553	217	770
Amortization of actuarial gains	(833)	(75)	(908)
	\$ 1,543	\$ 650	\$ 2,193

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## Dettah District Education Authority

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 17. Post Employment Benefits and Compensated Absences and Termination Benefits (continued)

The discount rate used to determine the accrued benefit obligation was an average of 3.2%, (2018 - 3.8%).  
The expected payments during the next five fiscal years are:

	Severance and removal	Compensated absences	Total
2020	\$ 4,866	\$ 2,083	\$ 6,949
2021	3,015	1,132	4,147
2022	2,007	612	2,619
2023	1,576	332	1,908
2024	1,335	197	1,532
2024 - 2028	4,897	846	5,743
<b>Total</b>	<b>\$ 17,696</b>	<b>\$ 5,202</b>	<b>\$ 22,898</b>

#### 18. Trust Assets Under Administration

The Education Authority does not have trust assets under administration.

#### 19. Tangible Capital Assets

The Education Authority does not have tangible capital assets.

#### 20. Prepaid Expenses and Deposits

The Education Authority does not have prepaid expenses and deposits.

#### 21. GNWT Assets Provided At No Cost

			2019	2018
	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Kaw Tay Whee	\$ 895,327	\$ 526,863	\$ 368,464	\$ 410,575

Rent expense of \$42,111 (2018 - \$42,111) was offset by a grant in-kind.

#### 22. Contractual Obligations

The Education Authority does not have any contractual obligations.

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## Dettah District Education Authority

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 23. Contingencies

The Education Authority does not have any contingencies.

#### 24. Related Parties

The Authority is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Authority enters into transactions with these entities in the normal course of business. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are summarized in this note.

	2019	2018
<b>Due to Related Party</b>		
Yellowknife Education District #1	\$ 179,187	\$ 82,699

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	2019	2018
<b>Revenues from Related Parties</b>		
Government of the Northwest Territories		
Department of Education, Cultural and Employment	\$ 1,642,745	\$ 1,331,964
Department of Municipal and Community Affairs	16,400	17,000
Department of Health and Social Services	2,267	-
<b>Total revenues from related parties</b>	<b>\$ 1,661,412</b>	<b>\$ 1,348,964</b>

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	2019	2018
<b>Expenses Paid to Related Parties</b>		
Yellowknife Catholic Schools	\$ 287,827	\$ 266,147
Yellowknife Education District #1	46,327	49,094
<b>Total expenses to related parties</b>	<b>\$ 334,154</b>	<b>\$ 315,241</b>

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#### 25. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Authority which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Authority.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on June 15, 2017 and have not been audited.



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## **Dettah District Education Authority**

### **Notes to Consolidated Financial Statements**

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**June 30, 2019**

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#### **26. Economic Dependence**

The Education Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Education Authority's operations would be significantly affected.

#### **27. Financial Instruments**

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

##### **a) Credit risk**

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its cash and cash equivalents. The Authority holds its cash and cash equivalents in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash in accounts are insured up to \$100,000.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$745,322 (2018 - \$456,356).

##### **b) Liquidity risk**

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority 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.

The Authority's maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities, payroll liabilities, contributions repayable and amounts due to Yellowknife Education District #1 for a total \$223,771 (2018 - \$130,542).

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.

# Detah District Education Authority

## Notes to Consolidated Financial Statements

June 30, 2019

### 27. Financial Instruments (continued)

The table below shows when various financial assets and liabilities mature:

<b>Financial assets</b>	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Cash and cash equivalents	\$ 745,322	\$ -	\$ -	\$ -
<b>Total financial assets</b>	<b>\$ 745,322</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total financial assets - prior year	\$ 456,356	\$ -	\$ -	\$ -
<b>Financial liabilities</b>	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 39,353	\$ -	\$ -	\$ -
Due to Yellowknife Education District #1	179,187	-	-	-
Contributions Repayable	2,000	-	-	-
Deferred Revenue	2,000	-	-	-
Accrued payroll liabilities	3,231	-	-	-
<b>Total financial liabilities</b>	<b>\$ 225,771</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total financial liabilities - prior year	\$ 130,542	\$ -	\$ -	\$ -
<b>Net total</b>	<b>\$ 519,551</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net total - prior year	\$ 325,814	\$ -	\$ -	\$ -

### 28. Expenditures By Object

	2019 Budget	2019 Actual	2018 Actual
Compensation	\$ 1,099,363	\$ 836,396	\$ 765,171
Materials and freight	103,427	178,792	91,479
Services purchased or contracted	491,325	546,473	509,261
	<b>\$ 1,694,115</b>	<b>\$ 1,561,661</b>	<b>\$ 1,365,911</b>

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## Dettah District Education Authority

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 29. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2019 and the audit report date.

#### 30. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

#### 31. ECE Other Contributions

	2019		2018
Government of the Northwest Territories - Department of Education, Culture and Employment			
Health and Wellness Support	\$ 2,000	\$	-
Community Support	-		11,000
Safe Schools Cameras	-		24,700
	<b>\$ 2,000</b>	<b>\$</b>	<b>35,700</b>

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#### 32. GNWT Other Contributions

	2019		2018
Government of the Northwest Territories			
Department of Health and Social Services - Drop the pop	\$ 2,267	\$	-
Department of Municipal and Community Affairs- After School Physical Activity Program	16,400		17,000
	<b>\$ 18,667</b>	<b>\$</b>	<b>17,000</b>

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#### 33. Contingent Assets

The Education Authority does not have any contingent assets.

#### 34. Contractual Rights

The Education Authority does not have any contractual rights.

# Dettah District Education Authority

## Schedule 1 - Details of Expenditures

For the year ended June 30,

						Total 2019	Budget 2019	Total 2018
	School Programs	Operations and Maintenance	Administration	Indigenous Language and Culture (schedule 2)	Inclusive Schooling (schedule 4)	Total	Total	Total
<b>Salaries</b>								
Teachers	\$ 194,123	\$ -	\$ 24,224	\$ -	\$ 248,451	\$ 466,798	\$ 748,591	\$ 444,216
Instructional assistant	4,397	-	-	-	-	4,397	80,000	-
YK1 superintendent	-	-	27,500	-	-	27,500	-	27,500
Non-instructional staff	44,489	-	-	176,350	-	220,839	109,100	161,181
Board/Trustee honoraria	-	-	16,660	-	-	16,660	18,000	12,014
<b>Total salaries</b>	<b>243,009</b>	<b>-</b>	<b>68,384</b>	<b>176,350</b>	<b>248,451</b>	<b>736,194</b>	<b>955,691</b>	<b>644,911</b>
<b>Employee benefits</b>								
Employee benefits and allowances	32,907	-	8,107	18,173	38,999	98,186	50,000	120,680
Leave and termination benefits	833	-	(894)	1,229	848	2,016	-	(420)
<b>Total employee benefits</b>	<b>33,740</b>	<b>-</b>	<b>7,213</b>	<b>19,402</b>	<b>39,847</b>	<b>100,202</b>	<b>50,000</b>	<b>120,260</b>
<b>Services Purchased or Contracted</b>								
Advertising	23,385	-	3,785	2,602	21	29,793	37,000	20,289
Contracted services	297,609	-	30,580	-	-	328,189	307,825	293,301
Maintenance and upgrades	37	-	-	2,034	1,243	3,314	-	33,946
Other	29,728	-	22,036	585	-	52,349	-	52,413
Postage and communications	-	-	-	-	-	-	8,000	-
Professional and technical services	38,376	-	-	3,368	15,583	57,327	56,500	30,925
Student transportation (busing)	75,271	-	-	230	-	75,501	64,000	78,387
Travel	-	-	-	-	-	-	18,000	-
<b>Total Services Purchased or Contracted</b>	<b>464,406</b>	<b>-</b>	<b>56,401</b>	<b>8,819</b>	<b>16,847</b>	<b>546,473</b>	<b>491,325</b>	<b>509,261</b>
<b>Materials and Freight</b>								
Freight	850	-	105	-	-	955	-	53
Materials	111,045	-	1,151	41,446	24,195	177,837	103,427	91,426
<b>Total Materials and freight</b>	<b>111,895</b>	<b>-</b>	<b>1,256</b>	<b>41,446</b>	<b>24,195</b>	<b>178,792</b>	<b>103,427</b>	<b>91,479</b>
<b>Total Expenditures</b>	<b>\$ 853,050</b>	<b>\$ -</b>	<b>\$ 133,254</b>	<b>\$ 246,017</b>	<b>\$ 329,340</b>	<b>\$ 1,561,661</b>	<b>\$ 1,600,443</b>	<b>\$ 1,365,911</b>

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**Dettah District Education Authority**

**Schedule 2  
Details of Indigenous Language and Culture Program Expenditures**

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For the year ended June 30,

2019

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
<b>Salaries</b>					
Non-instructional staff	\$ 176,350	\$ -	\$ -	\$ -	\$ 176,350
<b>Employee Benefits</b>					
Employee benefits and allowances	18,173	-	-	-	18,173
Leave and termination benefits	1,229	-	-	-	1,229
	19,402				19,402
<b>Services Purchased or Contracted</b>					
Advertising	2,602	-	-	-	2,602
Other contracted services	2,619	-	-	-	2,619
Professional/technical services	3,368	-	-	-	3,368
Student transportation (bussing)	230	-	-	-	230
<b>Materials/Supplies/Freight</b>					
Materials	41,446	-	-	-	41,446
<b>Total</b>	<b>\$ 246,017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 246,017</b>

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**Dettah District Education Authority**

**Schedule 3  
Indigenous Languages and Education Program**

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	July 1, 2018 to March 31, 2019	April 1, 2019 to June 30, 2019	Total
<b>Revenue</b>			
GNWT ECE funding	\$ 126,647	\$ 73,624	\$ 200,271
<b>Expenses</b>			
Salaries	106,631	77,730	184,361
Employee benefits	10,809	8,721	19,530
Services Purchased or Contracted	26,275	20,621	46,896
	<b>143,715</b>	<b>107,072</b>	<b>250,787</b>
<b>Net Deficit</b>	<b>\$ (17,068)</b>	<b>\$ (33,448)</b>	<b>\$ (50,516)</b>

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**Dettah District Education Authority****Schedule 4****Details of Inclusive Schooling Expenditures**

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For the year ended June 30,

2019

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	Staff Development	Assistive Technology	Jordan's Principle (schedule 5)	General Inclusive Schooling	Total
<b>Salaries</b>					
Program support teachers	\$ -	\$ -	\$ -	\$ 248,451	\$ 248,451
<b>Employee Benefits</b>					
Employee benefits and allowances	-	-	-	38,999	38,999
Leave and termination benefits	-	-	-	848	848
<b>Services Purchased or Contracted</b>					
Professional and technical services	-	-	-	15,583	15,583
Other contracted services	-	-	-	1,264	1,264
<b>Materials/Supplies/Freight</b>					
Materials	-	-	-	24,195	24,195
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 329,340</b>	<b>\$ 329,340</b>

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**Dettah District Education Authority**

**Schedule 5  
Jordan's Principle**

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<b>For the year ended June 30, Total</b>	<b>Budget 2019</b>	<b>Actual 2019</b>	<b>Actual 2018</b>
<b>Revenue</b>			
Government of Canada	\$ -	\$ 52,400	\$ -
<b>Expenses</b>			
Salaries	-	-	-
Employee benefits	-	-	-
Services Purchased or Contracted	-	-	-
	-	-	-
<b>Surplus</b>	\$ -	\$ 52,400	\$ -
<b>Transfer to deferred revenue</b>		\$ (52,400)	\$ -

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**K'alemi Dene School  
(Ndilo District Education Authority)**

**Financial Statements**

**June 30, 2019**

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Financial Statements**

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**June 30, 2019**

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## Management Discussion and Analysis

### Introduction

This Management Discussion and Analysis is prepared for the Ndilo District Education Authority (NDEA) to promote transparency and accountability.

NDEA Vision: "Building our children's future by teaching and learning the Dene way."

Mission Statement: K'alemi Dene School is committed to providing quality education for our students by concentrating on the 4 components of learning:

- Language and culture
- Academics and technology
- Dene Laws and Virtues
- Physical and Active Living

Through the development of skills in these areas, students will grow and develop into respectful, healthy, diligent and strong Dene who will give back to their families, community and the North.

The vision and mission statement were developed during a community meeting in the Spring of 2010. Each year, the NDEA hosts a community meeting, where the vision and mission statements are discussed and community input is gathered. Both of these statements and input from NDEA and community meetings shape the learning priorities and planning for the K'alemi Dene School as reflected in the NDEA Operating Plan for the 2018-19 school year.

The NDEA is an independent legal and accounting entity with an elected Education Authority as stipulated in Section 82 of the Education Act. The Education Authority has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters. Members serve a three-year term. The NDEA is responsible for one school, K'alemi Dene School (KDS). All members serve on the financial committee.

#### **Current NDEA Board Members:**

Lila Erasmus	Chair Person
Sarah Erasmus	Vice Chair Person
Theresa Black	Trustee
Roberta Campbell	Trustee
Myra Conrad	Trustee
Nyra Mackenzie	Trustee
Vacant Position	Trustee

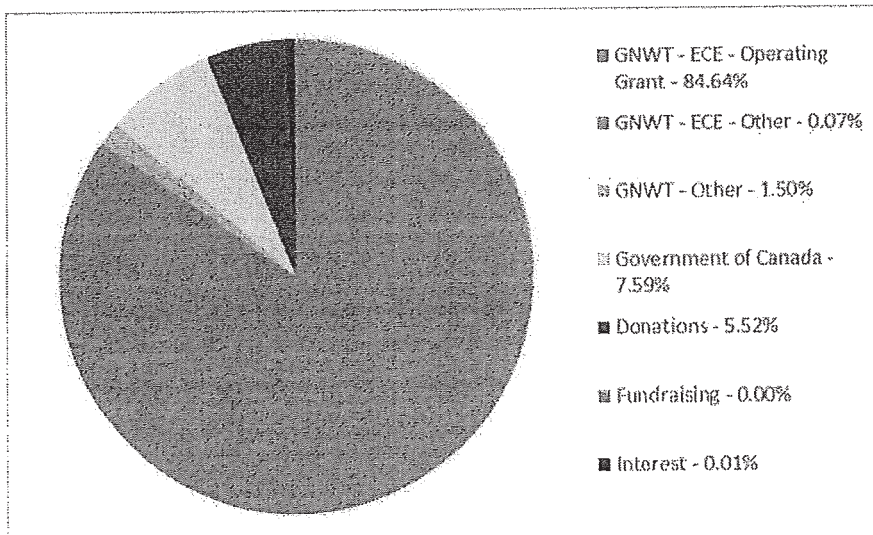
#### **Dettah District Education Authority Administration:**

Metro Huculak	Superintendent of Yellowknife Education District No. 1
Meagan Wowk	Principal of K'alemi Dene School

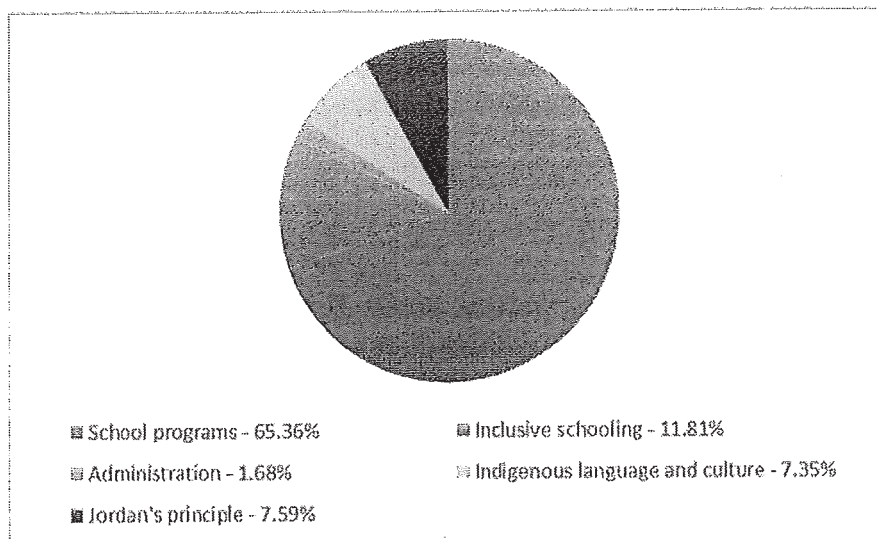
### Key Financial Highlights

- In 2018-19, KDS had an enrollment of 103 full time students from junior kindergarten to grade 12. For the past 5 years enrollment has fluctuated between 100 to 115 students.
- The NDEA has an accumulated surplus of \$1,030,612. This increased from \$851,740 in 2018. A healthy surplus is required to manage upcoming maternity leaves, fluctuating enrolment and the prospect of upcoming complex needs students.
- The NDEA is able to maintain a staff of approximately 19 full time employees. Most positions are funding by ECE's school funding formula, but the NDEA feels there are other positions required to deliver quality programming like the Food Service Assistant, Resiliency and Leadership Coordinator and additional Education Assistants.
- The school has 8 classrooms with varying grade levels. All classrooms are multi-grade splits.

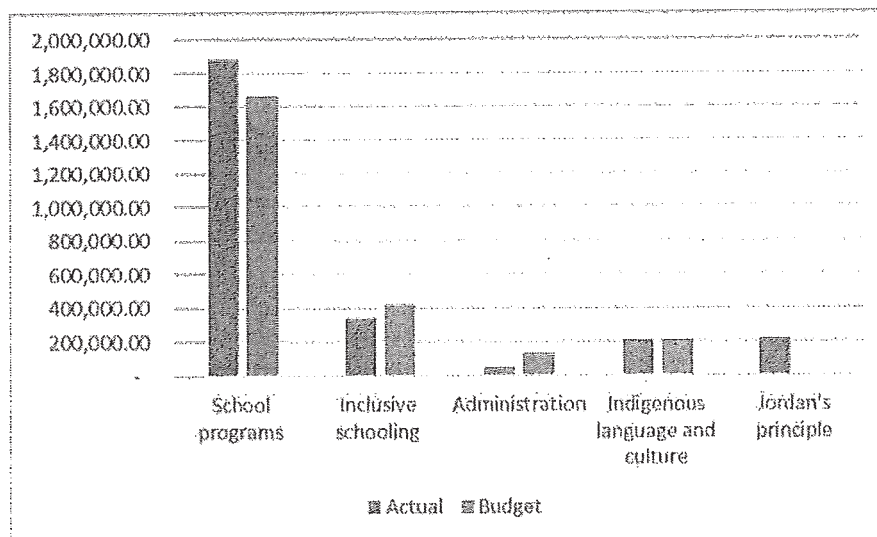
### Operating Revenue for the NDEA in 2019



### Expenditures by program for the NDEA in 2019



### Operating expenditure actuals compared to budget for NDEA in 2019



### NDEA Enrolment (FTE) by school and by grade as of September 30, 2018

School	Grades													
	JK	K	1	2	3	4	5	6	7	8	9	10	11	12
KDS	4	9	12	7	11	7	7	8	6	10	10	4	9	3
DEA Total	4	9	12	7	11	7	7	8	6	10	10	4	9	3

During the 2018-19 school year, the NDEA employed:

Positions	Number of staff
Classroom Teachers	10
Language Instructor/Elder*	0.5
Indigenous Language and Culture Coordinator	1
PST	1
Educational Assistants	3
Food Service Assistant*	0.7
Custodian*	0.7
Resiliency Coordinator*	1
Principal/Regional Inclusive Coordinator	1
Total NDEA Staff	18.9

Please note the NDEA contracts superintendent services from Yellowknife Education District No. 1 (YK1). All instructional staff are employees of YK1 and follow the YK1 Collective Agreement. YK1 invoices the NDEA for salaries and benefits. The employees with asterisks are employees of the Yellowknives Dene First Nation (YKDFN). YKDFN invoices the NDEA for these salaries and benefits.

## **Operating Environment**

### **Strengths and Opportunities**

KDS is a small community school that serves students and families from junior kindergarten to grade 12. We have a comprehensive culture program that includes an Elder, Wiilideh Yatì Instructor and Indigenous Language and Culture Coordinator. Language classes follow the new curriculum *Our Languages* developed by the Department of Education, Culture and Employment (ECE). The culture camps are planned using the seasonal Yellowknives Dene First Nation calendar. Enhancing our language and culture program remains a priority to the NDEA and we continue to seek opportunities to expand our programming and capacity for delivering quality programming.

We provide an inclusive education environment that many families from Yellowknife seek out. We also ensure all of our families have access to transportation, a food program and integrated services in the school. It is the priority of the NDEA to maintain small classroom sizes. This ensures that classroom teachers have the time required to meet individual needs.



At this time, KDS has received additional funding to support an Alternative High School program for students who have not been successful in the traditional model. We feel it is important to meet these students needs by providing flexible scheduling and other supports to help them complete courses and provide supports for healthy living.

### **Weaknesses and Threats**

As identified by the Early Development Instrument (EDI) and Middle Development Instrument (MDI), many of our students enter school with vulnerabilities in their different areas of their development. Both the EDI and MDI are assessments mandated by ECE and administered in kindergarten, grade four and grade seven.

There are also a number of poverty, addictions and mental health issues facing our students and families. It is critical that interagency partnerships are established so that proactive supports can be put into place.

As well, the lack of gymnasium continues to threaten KDS programming and enrollment. The NDEA is grateful to YKDFN for the use of the Ndilo Community Gym. Unfortunately, this space is frequently used for meetings, funerals and other community events. The community gym is also small and not adequate for older students. This often hinders skill development because students do not have the space to run drills or multiple games. KDS often loses students to other Yellowknife schools due to inadequate gymnasium space.

Lack of classroom space continues to provide challenges to the types of programming we can offer and hinders opportunities for growth. To accommodate programming changes, the activity room and computer room have been converted to classrooms. We are often at loss for space for counselling and health services.

Fluctuating enrollment has the potential to threaten funding and the programs offered. When one or two families move away, students switch schools or a low birth year, these factors can dramatically affect enrollment, thus funding.

### **Financial Condition**

The Authority's financial assets increased from \$1,387,766 to \$1,678,281. A portion of this increase relates to monies received for the Jordan's Principle deferred to 2019-20 in the amount of \$114,215. This year the net financial assets (financial assets less liabilities) were \$1,025,836 compared to \$847,438 in the prior year.

The Authority had an operating surplus of \$178,872 for the year. This surplus is mainly attributed a decrease in salary expenditures. The Authority managed to decrease its expenditures, resulting in an operating surplus in 2019. The accumulated surplus at year end is \$1,030,612.

Accounts payable and accrued liabilities have decreased from \$74,362 to \$50,499 due decrease in amounts owing on VISA at year end.

The Yellowknife Education District No. 1 payable remained comparable at \$429,132 in 2019 versus \$416,876 in 2018, representing payroll costs for June, July and August 2019.

In 2019, the NDEA received 86% of its funding from the GNWT. The core funding increased from \$2,438,063 to \$2,440,179 in the current year. The NDEA received funding from the Government of Canada for the Jordan's Principle program in 2019. Other revenue in the current year of funding mainly consists of donations for high school travel and for a basketball court in 2019.



## Management Responsibility for Financial Reporting

To the Minister of Education, Culture and Employment  
Government of Northwest Territories

### Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2019


The Management Discussion and Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of K'alemi Dene School ("the Education Authority") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Education Authority have been conducted within the statutory powers of the Authority. The operations and administration of the Education Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Authority's Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Education Authority



Superintendent

September 25, 2019

## **Independent Auditors' Report**

**To the Minister of Education, Culture and Employment  
Government of Northwest Territories  
and to the Members of K'alemi Dene School**

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

We have audited the accompanying financial statements of K'alemi Dene School (the "Authority") which comprise the Statement of Financial Position as at June 30, 2019 and the Statement of Changes in Net Assets, Statements of Operations and Statement of 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 K'alemi Dene School as at June 30, 2019, and its financial performance 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 Authority 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 Management Discussion and Analysis, but does not include the financial statements and our auditors' 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.

## Independent Auditors' Report (continued)

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

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

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 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.



## 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.

### *Report on Compliance with Specified Authorities*

In conjunction with the audit of the financial statements, we have audited transactions of the Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Government of the Northwest Territories - Department of Education, Culture and Employment.

In our opinion, the transactions of the Authority 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.

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

Yellowknife, Northwest Territories  
September 25, 2019



Chartered Professional Accountants

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Statement of Financial Position**

As at June 30, 2019 2018

**Financial Assets**

Cash and cash equivalents (Note 4)	\$ 1,579,957	\$ 1,305,675
Portfolio investments (Note 7)	76,883	76,500
Due from Government of Canada (Note 13)	18,225	5,116
Accounts receivable (Note 8)	3,216	475
	<b>1,678,281</b>	<b>1,387,766</b>

**Liabilities**

Accounts payable and accrued liabilities (Note 10)	46,091	50,499
Payroll liabilities (Note 10)	445,389	449,904
Deferred revenue (note 11)	114,215	-
Leave and termination benefits (Note 17)	45,751	39,925
	<b>651,446</b>	<b>540,328</b>

**Net Assets**

**1,026,835** **847,438**

**Non-Financial Assets**

Prepaid expenses (Note 20)	3,776	4,296
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**Accumulated Surplus**

**\$ 1,030,611** **\$ 851,734**

**Represented By:**

Operating Fund	<b>\$ 1,030,611</b>	<b>\$ 851,734</b>
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**Contractual obligations and contingencies (Notes 22 and 23)**

**Approved on behalf of the Education Authority**

 Chairperson

 Trustee

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Statement of Operations**

For the year ended June 30,	2019	2019	2018
	Budget (unaudited)	Actual	Actual
<b>Revenue</b>			
<b>Government of the Northwest Territories (GNWT)</b>			
ECE Regular contributions	\$2,414,646	\$2,440,179	\$2,438,063
ECE Other contributions (Note 31)	-	2,000	18,864
<b>Total ECE</b>	-	<b>2,442,179</b>	2,456,927
<b>GNWT Other contributions (Note 32)</b>	16,000	<b>43,175</b>	28,566
<b>Government of Canada</b>			
Jordan's Principle (Schedule 5)	-	333,180	-
Transfer to deferred revenue (Note 11)	-	(114,215)	-
<b>Total Government of Canada</b>	-	<b>218,965</b>	-
<b>Education authority generated funds</b>			
Donations	100,000	159,171	72,452
Fundraising	-	-	20,500
Transfers from other education authorities	-	19,159	1,845
Interest income	-	383	224
	2,530,646	<b>2,883,032</b>	2,580,514
<b>Expenditures (Schedule 1)</b>			
School programs	2,053,904	1,884,274	1,881,245
Inclusive schooling	529,861	559,355	351,293
Administration	48,000	48,573	10,852
Indigenous Language and Culture	217,931	211,959	177,025
	<b>2,849,696</b>	<b>2,704,161</b>	2,420,415
<b>Operating surplus before other items</b>	(319,050)	<b>178,871</b>	160,099
<b>Other items</b>			
Grant in-kind - Assets provided at no cost (Note 21)	-	226,653	226,653
Rent expense - Assets provided at no cost (Note 21)	-	(226,653)	(226,653)
	-	-	-
<b>Operating surplus</b>	(319,050)	<b>178,871</b>	160,099
<b>Opening accumulated surplus</b>	851,740	<b>851,740</b>	691,641
<b>Closing accumulated surplus</b>	\$ 532,690	<b>\$1,030,611</b>	\$ 851,740

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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Statement of Changes in Net Assets**

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<b>For the year ended June 30,</b>	<b>2019</b>	<b>2018</b>
<b>Operating surplus</b>	<b>\$ 178,871</b>	<b>\$ 160,099</b>
<b>Change in prepaid expenses</b>	<b>526</b>	<b>686</b>
<b>Increase in net assets</b>	<b>179,397</b>	<b>160,785</b>
<b>Net assets, beginning of year</b>	<b>847,438</b>	<b>686,653</b>
<b>Net assets, end of year</b>	<b>\$ 1,026,835</b>	<b>\$ 847,438</b>

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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Statement of Cash Flows**

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For the year ended June 30,	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Operating surplus	\$ 178,871	\$ 160,099
<b>Change in non-cash assets and liabilities</b>		
Decrease (increase) in accounts receivable	(2,741)	25
Increase (decrease) in deferred revenue	114,215	-
Increase (decrease) in accounts payable and accrued liabilities	(4,408)	(23,862)
Increase (decrease) in payroll liabilities	(4,515)	(173,837)
Increase (decrease) in leave and termination benefits	5,826	6,143
Decrease (increase) in amounts due from Government of Canada	(13,109)	38,535
Decrease (increase) in prepaid expenses	526	686
	<b>95,794</b>	<b>(152,310)</b>
<b>Cash provided by (used in) operating transactions</b>	<b>274,665</b>	<b>7,789</b>
<b>Investing Activity</b>		
Re-invested interest	(383)	(10,000)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>274,282</b>	<b>(2,211)</b>
<b>Cash and cash equivalents, beginning of year (Note 4)</b>	<b>1,305,675</b>	<b>1,307,886</b>
<b>Cash and cash equivalents, end of year (Note 4)</b>	<b>\$ 1,579,957</b>	<b>\$ 1,305,675</b>

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# K'alemi Dene School

## Schedule 2 Details of Inclusive Schooling Expenditures

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For the year ended June 30,

2019

	Jordan's Principle	General Inclusive Schooling	Total
<b>Salaries</b>			
Teachers' salaries	\$ -	\$ 183,588	\$ 183,588
Instruction assistants	124,382	89,386	213,768
<b>Total Salaries</b>	<b>124,382</b>	<b>272,974</b>	<b>397,356</b>
<b>Employee Benefits</b>	<b>\$ 28,292</b>	<b>\$ 53,324</b>	<b>81,616</b>
<b>Services Purchased or Contracted</b>			
Professional/technical services	-	11,025	11,025
Student transportation (busing)	65,808	106	65,914
Travel	-	1,353	1,353
<b>Total Services Purchased or Contracted</b>	<b>65,808</b>	<b>12,484</b>	<b>78,292</b>
<b>Total Materials/Supplies/Freight</b>	<b>483</b>	<b>1,608</b>	<b>2,091</b>
<b>Total Expenditures</b>	<b>\$ 218,965</b>	<b>\$ 340,390</b>	<b>\$ 559,355</b>

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**K'alemi Dene School****Schedule 3****Details of Indigenous Language and Education Program Expenditures**

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**For the year ended June 30, 2019**

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	Student Instruction	Total
<b>Salaries</b>		
Teachers' salaries	\$ 127,789	\$ 127,789
Language consultants	14,334	14,334
Instruction assistants	-	-
Non-instructional staff	-	-
	<b>142,123</b>	<b>142,123</b>
<b>Employee Benefits</b>	<b>30,292</b>	<b>30,292</b>
<b>Services Purchased/Contracted</b>		
Maintenance and repairs	207	207
Professional/technical services	29,736	29,736
Student transportation (bussing)	407	407
Travel	806	806
	<b>31,156</b>	<b>31,156</b>
<b>Materials/Supplies/Freight</b>	<b>8,388</b>	<b>8,388</b>
<b>Total</b>	<b>\$ 211,959</b>	<b>\$ 211,959</b>

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# K'alemi Dene School

## Schedule 4 Indigenous Language and Education

For the year ended June 30, 2019

	July 1, 2018 to March 31, 2019	April 1, 2019 to June 30, 2019	Total
<b>Revenue</b>			
GNWT Education, Culture and Employment	\$ 173,168	\$ 98,752	\$ 271,920
	<b>173,168</b>	<b>98,752</b>	<b>271,920</b>
<b>Expenditures</b>			
Salaries	88,392	53,731	142,123
Employee benefits	16,169	14,123	30,292
Services purchased/contracted	20,289	12,315	32,604
Materials/supplies/freight	2,818	4,122	6,940
	<b>127,668</b>	<b>84,291</b>	<b>211,959</b>
<b>Surplus (deficit)</b>	<b>\$ 45,500</b>	<b>\$ 14,461</b>	<b>\$ 59,961</b>

# K'alemi Dene School

## Schedule 5

### Jordan's Principle

For the year ended June 30, 2019

2019

#### Revenue

Government of Canada \$ 333,180

#### Expenditures

Salaries 124,382

Employee benefits 28,291

Services purchased/contracted 65,809

Materials/supplies/freight 483

218,965

#### Surplus

\$ 114,215

#### Transfer to deferred revenue

\$ (114,215)

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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**1. Nature of Operations**

K'alemi Dene School (the "Education Authority") was established on June 25, 2013 under the *Education Act* of the Northwest Territories by order of the Minister. Its purpose is to administer and maintain the standards of educational programs in N'Dilo as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 are offered by the Education Authority.

The Education Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the Education Act. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Education Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

**2. Significant Accounting Policies**

**(a) Basis of Accounting**

These financial statements have been prepared in accordance with Canadian public sector accounting standards. The financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

**(c) 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 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.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, portfolio investments, accounts receivable, and due to government of Canada.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and payroll liabilities.

**June 30, 2019**

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**2. Significant Accounting Policies (continued)**

**(c) Financial Instruments (continued)**

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.

**(d) Non-Financial Assets**

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Authority because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Authority.

**(e) Tangible Capital Assets**

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Authority full occupancy and use of such facilities and equipment required for the administration and delivery of the education programs within the community. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines of the GNWT and they are not disclosed on the statement of financial position. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

**(f) Revenue Recognition**

**Government Transfers**

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

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

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



**June 30, 2019**

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**2. Significant Accounting Policies (continued)**

**(f) Revenue Recognition (continued)**

**GNWT - Regular Contributions**

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Education Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

**Other Contributions**

The Education Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

**Other Revenue - Donations**

Donations are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured.

**Contributed Services**

The Education Authority receives cleaning and catering services provided by school volunteers. The fair value of these services is recognized as an expense and a corresponding revenue is recorded. The fair value of these services is \$77,764 (2018 - \$40,468).

The school bus used by the Education Authority is the property of the Yellowknives Dene First Nation. The fair value of the use of the bus is estimated to be equivalent to the cost of bus passes that the Education Authority would have had to purchase. As such a bus pass expense and corresponding revenue has been reported in the Statement of Operations. The fair value of these services is \$27,860 (2018 - \$20,500).

**Deferred Revenue:**

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

**Investment Income:**

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

**Special Purpose Funds**

School activity funds which are fully controlled by the Education Authority with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Education Authority are not included even if custody of the funds is held by the Education Authority. Examples of excluded funds might be student clubs or associations for which the Education Authority has no ongoing responsibility of liability for losses.



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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**2. Significant Accounting Policies (continued)**

**(g) Budget Data**

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees and the budget is legally adopted by a motion of the Board of in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

The annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Authority.

The budget may be amended within a given fiscal year in accordance with Education Authority policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the Minister approved budget for the school year.

**(h) Measurement Uncertainty**

The preparation of these 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**(i) Inventories Including Materials and Supplies**

Inventories of books, materials, supplies and other expendables purchased by the Education Authority are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

**(j) Payroll Liabilities**

Teacher payrolls for July and August are accrued.

**June 30, 2019**

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**2. Significant Accounting Policies (continued)**

**(k) Post-Employment Benefits, Compensated Absences and Termination Benefits**

Under the terms and conditions of employment, education board 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 of 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

**(l) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include grants and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**(m) Foreign Currency Translation**

Foreign currency translations are to be translated in Canadian dollars. Revenues and expenses denominated in a foreign currency are reported at the rate in the date of the transaction. Monetary items that have yet to be settled at the exchange rate are translated at the exchange rate in effect on the date of financial statement. Exchange gain or loss resulting from foreign exchange rate would be accounted for in the financial statement.

**(n) Donated Goods and Services**

Volunteer time or donated services are recorded as revenue with offsetting expenditure at their fair values in the period received, when the services would otherwise be purchased and their fair values have been objectively determined.

**GNWT Tangible Capital Assets Provided At No Cost**

The school buildings occupied by the Education Authority are the property of the GNWT. The fair value of the use of the building is estimated to be equivalent to the current year amortization of the building as such a rent expense and corresponding grant in-kind has been reported in the Statement of Operations.

**(o) Net Financial Assets (Debt)**

The Education Authority's financial statements are presented so as to highlight net financial assets (debt) as the measurement of financial position. The net financial assets (debt) of the Education Authority is determined by its financial assets less its liabilities. Net financial assets (debt) combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**2. Significant Accounting Policies (continued)**

**(p) Segment Disclosure**

The Schedule of Operating Fund - Detail of Expenditures has been prepared in accordance with PS Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expenditure activities of the Board. For each reported segment, revenue and expenditures represent amounts directly attributable to each segment. Segments include:

School Programs: pertains to the provision of instructional services that falls under the basic public education mandate.

Inclusive Schooling: pertains to access to quality education for all students by effectively meeting their diverse needs.

Administration: pertains to the provision of board governance and central office administration and maintenance.

Indigenous Languages and Culture: pertains to Indigenous language resource development, support for language teachers and instructors, and enhance community engagement.

**(q) 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. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; the Education Authority is directly responsible or accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2019.

At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. Management of the Education Authority has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**3. Future Accounting Changes**

**Asset Retirement Obligations, Proposed Section PS 3280**

This section will be effective for fiscal years beginning on or after July 1, 2021 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. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

**Revenue, Proposed 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, 2022. Earlier adoption is permitted.

**4. Cash and Cash Equivalents**

Cash and cash equivalents represent cash held in a bank account with the Royal Bank of Canada (RBC).

**5. Special Purpose Funds**

The Education Authority does not have special purpose funds.

**6. Restricted Assets**

The Education Authority does not have restricted assets.

**7. Portfolio Investments**

The Education Authority has a \$76,883 one-year guaranteed investment certificate (GIC) with the Royal Bank of Canada (RBC). The GIC has an interest rate of 0.500% (2018 - 0.500%) per annum and matures on July 26, 2019.

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**8. Accounts Receivable**

	Accounts Receivable 2019	Allowance 2019	Net 2019	Net 2018
Accounts receivable	\$ 2,741	\$ -	\$ 2,741	\$ -
Due from GNWT	475	-	475	475
	<b>\$ 3,216</b>	<b>\$ -</b>	<b>\$ 3,216</b>	<b>\$ 475</b>

**9. Inventories**

The Education Authority does not have inventories.

**10. Accounts Payable and Accrued Liabilities**

	2019	2018
Trade	\$ 46,091	\$ 50,499
Payroll liabilities	445,389	449,904
	<b>\$ 491,480</b>	<b>\$ 500,403</b>

**11. Deferred Revenue**

	2019	2018
<b>Government of Canada</b>		
Jordan's Principle	\$ 114,215	\$ -

**12. Contribution Repayable**

The Education Authority does not have contribution repayable.

**13. Due from and (to) the Government of Canada**

	2019	2018
Goods and Services Tax receivable	\$ 18,225	\$ 5,116



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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**14. Capital Lease Obligations**

The Education Authority does not have capital lease obligations.

**15. Pensions**

The Education Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$226,118. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$171,368 for January 2019, and \$166,787 for January 2018. The maximum monthly contributions is \$3,026 for January 2019, and \$2,944 for January 2018.

NEBS is an employer owned program and as such the Education Authority will be liable for its portion of any shortfall. The Plan serves 3,202 Employee Members and 111 Employer Members (total active, disabled and on leave 1,930).

As of January 1, 2019, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$25,300,000 - funded ratio 112% (2018 - \$24,000,000 and 112%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$128,900,000 and a solvency ratio of 64.0%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2018, the NEBS Pension plan Trust Fund balance of \$15,123,613.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

**16. Long Term Debt**

The Education Authority does not have long term debt.

**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**17. Leave and Termination Benefits**

In addition to the pension benefits, the Education Authority 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 Education Authority'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 employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

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

**Valuation results**

The actuarial valuation was completed as at March 31, 2018 to June 30, 2019. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2019 and the results extrapolated to June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Education Authority.

	<b>Severance and Removal</b>	<b>Compensated Absences</b>	<b>2019</b>	<b>2018</b>
<b>Changes in Obligation</b>				
Accrued benefit obligation, beginning of year	\$ 30,107	\$ 9,267	\$ 39,374	\$ 37,894
Current period benefit cost	3,359	872	4,231	4,280
Interest accrued	1,222	381	1,603	1,351
Actuarial (gains)/losses	(13,602)	(2,100)	(15,702)	(4,150)
<b>Accrued benefit obligation, end of year</b>	<b>(21,086)</b>	<b>(8,420)</b>	<b>(29,506)</b>	<b>(39,375)</b>
<b>Unamortized net actuarial gain/(loss)</b>	<b>(13,757)</b>	<b>(2,488)</b>	<b>(16,245)</b>	<b>(550)</b>
<b>Accrued benefit liability</b>	<b>\$ (34,843)</b>	<b>\$ (10,908)</b>	<b>\$ (45,751)</b>	<b>\$ (39,925)</b>

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**17. Post Employment Benefits (continued)**

	<b>Severance and Removal</b>	<b>Compensated Absences</b>	<b>2019</b>		<b>2018</b>	
<b>Benefit expenses</b>						
Current service cost	\$ 3,268	\$ 872	\$ 4,140	\$	\$ 4,310	\$
Interest costs	1,222	381	1,603	\$	1,351	\$
Amortization of actuarial gains	43	(50)	(7)	\$	512	\$
<b>Total expense</b>	<b>\$ 4,533</b>	<b>\$ 1,203</b>	<b>\$ 5,736</b>	<b>\$</b>	<b>\$ 6,173</b>	<b>\$</b>

The discount rate used in the 2019 fiscal year to determine the accrued benefit obligation was an average of 3.2% (2018 - 3.8%). The expected payments during the next ten fiscal years are:

	<b>Severance and Removal \$</b>	<b>Compensated Absences \$</b>	<b>Total \$</b>	
2020	2,730	1,094	\$ 3,824	\$
2021	2,819	994	3,813	\$
2022	2,965	803	3,768	\$
2023	3,013	664	3,677	\$
2024	3,070	654	3,724	\$
2025+	13,940	3,713	17,653	\$
	<b>\$ 28,537</b>	<b>\$ 7,922</b>	<b>\$ 36,459</b>	<b>\$</b>

**18. Trust Assets Under Administration**

The Education Authority does not have trust assets under administration.

**19. Tangible Capital Assets**

The Education Authority does not have tangible capital assets.

**20. Prepaid Expenses**

	<b>2019</b>	<b>2018</b>
Vehicle licenses and insurance	\$ 3,776	\$ 4,296



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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**21. GNWT Tangible Capital Assets Provided At No Cost**

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Buildings	\$ 9,066,125	\$ 2,153,204	\$ 6,912,921	\$ 7,366,227

Rent expense of \$226,653 (2018 - \$226,653) equal to current year amortization of the tangible capital assets was offset by a grant in-kind.

**22. Contractual Obligations**

The Education Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2019

	Expires in Fiscal Year	2019
Equipment lease	2019	\$ 6,792
Contract for superintendent services	2019	30,000
		<b>\$ 36,792</b>

**23. Contingencies**

As of the audit report date, the Education Authority does not have contingencies.

**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**24. Related Parties**

The Education Authority is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Authority enters into transactions with these entities in the normal course of business. The Education Authority is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance, and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are summarized in this note.

	2019	2018
<b>Due to related parties</b>		
Payroll liabilities		
Yellowknife Education District #1	\$ 429,132	\$ 416,876

	Accounts receivable 2019	Allowance 2019	Net 2019	Net 2018
<b>Due from related parties</b>				
Government of the Northwest Territories				
Health and Social Services	475	-	\$ 475	\$ 500

	2019	2018
<b>Revenue from related parties</b>		
Government of the Northwest Territories		
Department of Education, Culture and Employment	\$ 2,442,179	\$ 2,456,927
Department of Environment and Natural Resources	8,000	8,000
Department of Municipal and Community Affairs	26,400	16,800
Health and Social Services	6,775	3,766
<b>Total revenues from related parties</b>	<b>\$ 2,483,354</b>	<b>\$ 2,485,493</b>

	2019	2018
<b>Expenses paid to related parties</b>		
Aurora College	\$ 500	\$ 200
E'cole JH Sissons School	500	285
E'cole Sir John Franklin High School	400	250
Diamond Jenness Secondary School	1,090	-
Government of the Northwest Territories	608	-
Mildred Hall School	530	-
Paul William Kaeser High School	1,650	-
Yellowknife Education District #1	1,547,919	1,729,113
<b>Total expenses to related parties</b>	<b>\$ 1,548,419</b>	<b>\$ 1,729,313</b>

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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**25. Budget Data**

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Authority.

The budget figures presented are those approved by the Trustees of the Education Authority on June 20, 2018 and have not been audited.

**26. Economic Dependence**

The Education Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Education Authority's operations would be significantly affected.

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**27. Financial Instruments**

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

**a) Credit risk**

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

The Authority holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

The Education Authority's maximum exposure to credit risk is as follows:

	<b>2019</b>
Cash and cash equivalents	1,579,957
Portfolio investments	76,883
Due from Government of Canada	18,225
Accounts receivable	3,216
Maximum credit risk exposure	<u><b>1,678,281</b></u>

At March 31, 2019, there were no accounts receivable past due and no impaired accounts receivable.

The Education Authority does have concentration of credit risk. Concentration of credit risk is the risk that a customer has more than 10 percent of the total accounts receivable and thus there is a higher risk to the Education Authority in the event of a default. At March 31, 2019 receivables from two (2018 - one) customers comprised 100% (2018 - 100%) of the total accounts receivable. The Education Authority reduces this risk by monitoring overdue accounts.

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

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**27. Financial Instruments (continued)**

**b) Liquidity risk**

Liquidity risk is the risk that the Education Authority will not be able to meet all cash outflow obligations as they come due. The Education Authority has liquidity risk in accounts payable and accrued liabilities and payroll liabilities of \$651,446 (2018 - \$540,328).

The Education Authority 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.

The table below shows when various financial assets and liabilities mature:

<b>Financial assets</b>	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Cash and cash equivalents	\$ 1,579,957	\$ -	\$ -	\$ -
Portfolio investments	76,883	-	-	-
Due from the government of Canada	18,225	-	-	-
Accounts receivable	3,216	-	-	-
<b>Total assets</b>	<b>\$ 1,678,281</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total assets - prior year	\$ 1,387,766	\$ -	\$ -	\$ -
<b>Financial liabilities</b>	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 46,091	\$ -	\$ -	\$ -
Payroll liabilities	445,389	-	-	-
Leave and termination benefits	45,751	-	-	-
<b>Total liabilities</b>	<b>\$ 537,231</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total liabilities - prior year	\$ 540,328	\$ -	\$ -	\$ -
<b>Net total</b>	<b>\$ 1,141,050</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net total - prior year	\$ 847,438	\$ -	\$ -	\$ -

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

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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

---

**June 30, 2019**

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**27. Financial Instruments (continued)**

**c) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Education Authority has exposure to interest rate risk on its portfolio investments of \$76,883 (2018 - \$76,500). These investments may be adversely affected by a change in the interest rates.

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

**28. Expenditures by Object**

	Budget 2019 (Unaudited)	Actual 2019	Actual 2018
Compensation	\$ 2,506,517	\$ 2,030,485	\$ 1,951,313
Materials and freight	133,000	320,532	205,958
Services purchased/contracted	210,179	353,144	263,144
	<b>\$ 2,849,696</b>	<b>\$ 2,704,161</b>	<b>\$ 2,420,415</b>

**29. Subsequent Events**

There were no material subsequent events that occurred between June 30, 2019 and the date the audit report was signed.

**30. Comparative Figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**31. ECE Other Contributions**

	<b>2019</b>	2018
<b>Government of the Northwest Territories, Department of Education, Culture and Employment</b>		
Self Regulation	\$ 2,000	\$ -
Community Support	-	13,000
Labour Market Agreement for Persons with Disabilities	-	4,000
Other	-	1,864
	<b>\$ 2,000</b>	<b>\$ 18,864</b>

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**32. GNWT Other Contributions**

	<b>2019</b>	2018
<b>Department of Municipal and Community Affairs</b>		
After School Activity Program	\$ 16,400	\$ 16,800
Youth Corp Program	10,000	-
<b>Department of Environment and Natural Resources</b>		
Take a Kid Trapping Program	8,000	8,000
<b>Department of Health and Social Services</b>		
Drop the Pop Program	2,630	1,616
Spring on the Land Camp	-	2,150
Health and Wellness	6,145	-
	<b>\$ 43,175</b>	<b>\$ 28,566</b>

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**33. Contingent Assets**

The Education Authority does not have any contingent assets.

**34. Contractual Rights**

The Education Authority has not entered into any contracts that will become assets and revenues in future periods.

Consolidated Financial Statements of

**Sahtu Divisional Education Council**

June 30, 2019



# Sahtu Divisional Education Council

## Consolidated Financial Statements

June 30, 2019

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# **Management Discussion and Analysis (MD&A)**

## **Introduction**

The Management's Discussion and Analysis (MD&A) of the Sahtu Divisional Education Council (SDEC) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30<sup>th</sup> 2019. The intent of this discussion and analysis is to attest on a go-forward basis the responsibility of management and the Council Members to promote transparency and accountability. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the Sahtu Divisional Education Council financial performance.

## **What is the SDEC?**

The Sahtu Divisional Education Council (SDEC) is responsible, under the Education Act, for all K-12 education in the Sahtu region. There are five schools in the district. In each community, a locally elected District Education Authority (DEA) is responsible for education in that community. The District Education Council (DEC) is made up of one member from each DEA and one chairperson.

As per the Education Act of the Northwest Territories, the SDEC is responsible to provide quality education to the residents of the Sahtu region. It is our hope that by reading this document, members of our community will receive valuable information on the infrastructure of the education system in the North and become involved in their community government.

## **Mission**

To provide excellent educational environments where students will have the opportunity to experience success and contribute to society.

Council of Trustees

Chairperson

Karea Peachy – Norman Wells

Vice-Chairperson

Heather Bourassa – Fort Good Hope

Jennifer Waterhouse – Norman Wells

Isabel Orlias – Colville Lake

Miranda Baton-Taneton – Deline

Sally-Ann Horassi - Tulita

The management team of the SDEC comprised of the following;

Superintendent – Seamus Quigg

Assistant Superintendent – Renee Closs

Comptroller – Harry Cassie

### Financial Condition

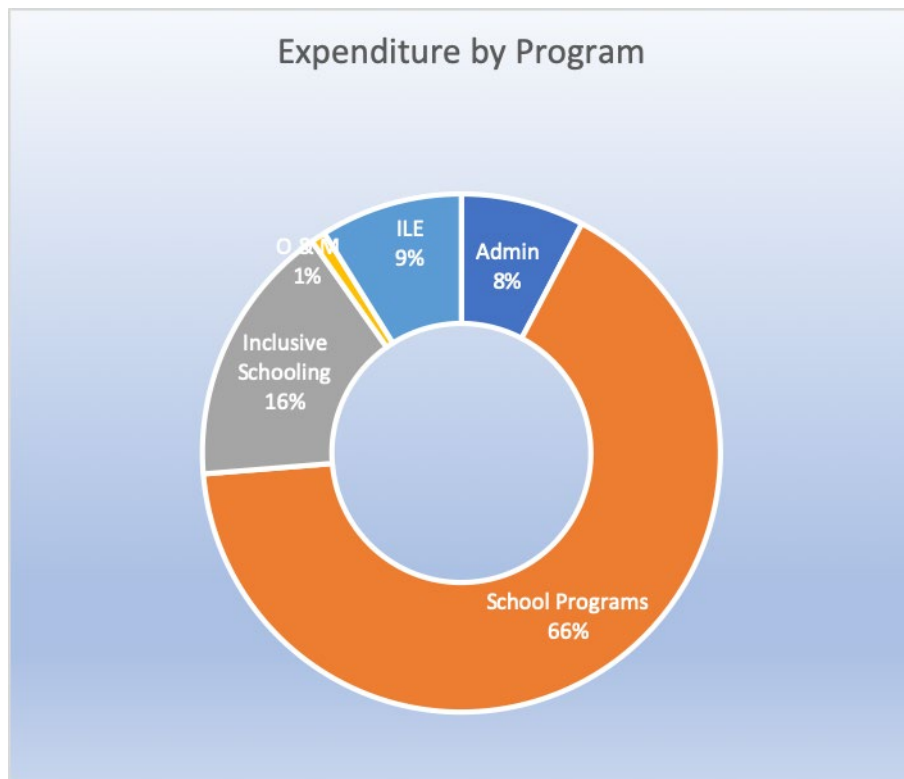
Revenues exceeded expenditures for a surplus of (\$361k), (2018-(\$256k)), compared to budgeted deficit of (\$12k). This resulted in a surplus fund balance \$266k (2018, (\$95k)) as at June 30th 2019. Additional revenues of \$832k (2018-\$831k) was received resulted in additional expenses incurred compared to budget.

Revenues have been trending positively compared to budget as a result of new initiatives, this is consistent year over year.

#### Accumulated surplus (deficit) is comprised of the following:

	2019	2018
Accumulated Surplus/ (Deficit), beginning of year	(95,014)	(351,141)
Operating Surplus / (Deficit)	266,262	167,699
Post - employment benefits	105,102	88,428
<b>Accumulated Surplus/ Deficit, end of year</b>	<b>\$ 266,350</b>	<b>\$ (95,014)</b>

The current ratio, is a liquidity and efficiency ratio that measures an organization's ability to pay off its short-term liabilities with its current assets. Sahtu DEC current ratio as at June 30<sup>th</sup> 2019 is 1.5, (2018, 0.97).



## Summary and Outlook

The SDEC's vision for education has been to provide excellence in teaching and learning within contexts that honour the culture and language of the community. Caring schools allow all students to achieve success, as defined by individual students' dreams, aspirations and abilities. Learning continues beyond secondary school and students are equipped to meet the demands of changing times by having the skills of life-long learners.

In 2018-2019, *Growing Forward Together* captures the Sahtu schools' leadership goal to collaborate widely to find innovative solutions to historical challenges in education, while moving forward jointly with community leadership's vision for its children and what the community aspires to become. With the new school year, 2019-2020 underway, the Sahtu DEC looks move from visioning to implementation, a series of strategic planning meetings are scheduled for each community in coming months to determine community-specific next steps.

### Priorities

*Reading and Writing:* School-based and standardized assessments are in place to determine where interventions and enrichment are needed, and to maintain fidelity to curriculum standards. Comprehensive Literacy (Balanced Literacy) is offered in all five schools, along with Levelled Literacy Intervention to assist struggling readers. This approach recognizes the diversity of learners within our grade 1-9 classrooms and is a rigorous sustainable way of addressing learning gaps and promoting growth. Writing is monitored with region-wide rubrics, with writing samples captures three times in the year (grades 1-12) to trace learning growth. This action plan aligns with community expectations that reading and writing are fundamental to learning and all students should reach the optimal growth they can in these skills.

*Numeracy:* Numeracy learning in grades 1-8 is monitored through curriculum-aligned formative assessments. Teachers are receiving on-going professional development to integrate these assessments into daily practice, along with 21<sup>st</sup> Century approaches to teaching mathematical thinking and numeracy competencies.

*Language, Culture and Identity:* 2018/19 saw the five schools transition to the Our Languages Curriculum (OLC). Indigenous Language Educators participated in training in Yellowknife and in their home communities, and whole school staffs in four out of five schools received training in whole school approaches to language revitalization. Locally developed courses at the grade 10-12 levels promote culture, language, land programs, and the formation of northern identity in high school students. Land and culture programs invite participation by Elders, land experts, and cultural leaders in our communities. School community connections are strengthened by these programs.

## Total Student/Teacher Population by Schools

<b>2019</b>	<b>Students</b>	<b>Teachers</b>
Mackenzie Mountain – Norman Wells	166.5	13.0
Chief Albert Wright - Tulita	78.5	9.0
Chief T'Selehye – Fort Good Hope	129.0	12.0
Ehtseo Ayha – Deline	105.5	10.0
Coville Lake – Colville Lake	57.5	5.5
<b>Totals</b>	<b>537.0</b>	<b>49.5</b>

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

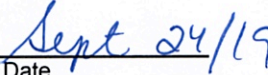
Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Sahtu Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.


Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

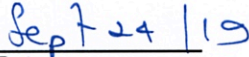
The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

  
\_\_\_\_\_  
Renee Closs  
Superintendent  
Sahtu Divisional Education Council

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Harry Cassie, CPA, CGA, CFE, CMgr FCMI, BBA (Hons.)  
Comptroller  
Sahtu Divisional Education Council

  
\_\_\_\_\_  
Date



## INDEPENDENT AUDITOR'S REPORT

**To the Minister of Education, Culture and Employment of the GNWT  
To the Board of Trustees of the Sahtu Divisional Education Council**

### *Opinion*

We have audited the consolidated financial statements of the Sahtu Divisional Education Council, which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of operations and surplus, changes in net assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Sahtu Divisional Education Council as at June 30, 2019, and the results of its financial performance and cash flow for the year then ended in accordance with the Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

The Government of the Northwest Territories is responsible for the calculation and distribution of the Education Body's wages and benefits expenditure for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Education Body's records. As a result, we were not able to determine whether any adjustments might be necessary to expenditure, liabilities or accumulated surplus.

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

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

In preparing the financial statements, management is responsible for assessing the Education Body'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 Education Body or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Education Body'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:

## Independent Auditor's Report (continued)

- 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 Education Body'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 Education Body'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 Education Body 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 Other Legal and Regulatory Requirements*

We further report, in accordance with the Financial Administration Act, that, in our opinion, proper books of account have been kept by the Education Body, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Education Body.



ASHTON  
Chartered Accountants  
Business Advisors

Hay River, NT  
September 25, 2019

# Sahtu Divisional Education Council

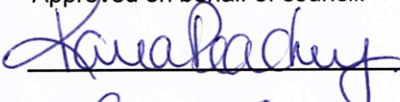
## Consolidated Statement of Financial Position


June 30, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash, Note 4	\$ 3,260,052	\$ 2,610,687
Special purpose funds, Note 5	359,201	399,280
Accounts receivable, Note 8	1,266,598	579,858
	<u>\$ 4,885,851</u>	<u>\$ 3,589,825</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities, Note 10	\$ 203,003	\$ 267,292
Payroll liabilities, Note 10	2,016,816	1,517,270
Deferred revenue, Note 11	1,030,996	399,280
Other employee future benefits and compensated absences, Note 17	1,415,255	1,520,357
	<u>4,666,070</u>	<u>3,704,199</u>
Net Financial Assets (Deficit)	<u>\$ 219,781</u>	<u>\$ (114,374)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses, Note 20	\$ 46,569	\$ 19,360
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u>\$ 266,350</u>	<u>\$ (95,014)</u>

Contractual obligations, Note 22

Approved on behalf of council:

  
\_\_\_\_\_ Chair

  
\_\_\_\_\_ Superintendent



# Sahtu Divisional Education Council

## Consolidated Statement of Operations and Surplus

For the year ended June 30, 2019

	Budget 2019	Actual 2019	Actual 2018
<b>Revenue</b>			
Government of the Northwest Territories			
ECE Regular Contributions	\$ 14,354,597	\$ 14,503,310	\$ 14,317,648
Teaching and Learning Centres	55,000	120,000	307,000
French Language Instruction	55,000	55,000	55,000
ECE Other Contributions, Note 31	-	138,427	53,077
<b>Total ECE</b>	<b>14,464,597</b>	<b>14,816,737</b>	<b>14,732,725</b>
GNWT Other Contributions, Note 32	-	349,846	377,575
<b>Total GNWT</b>	<b>\$ 14,464,597</b>	<b>\$ 15,166,583</b>	<b>\$ 15,110,300</b>
Jordan's Principle	-	96,483	-
<b>Total Government of Canada</b>	<b>-</b>	<b>96,483</b>	<b>-</b>
Education council generated funds			
Interest income	30,000	70,587	51,186
Other	12,000	205,853	151,211
	42,000	276,440	202,397
	<b>14,506,597</b>	<b>15,539,506</b>	<b>15,312,697</b>
<b>Expenses</b>			
Administration	962,853	1,177,310	1,057,308
School programs	9,476,933	10,088,184	10,331,123
Inclusive schooling	2,517,234	2,521,949	2,053,991
Operations and maintenance	148,952	139,973	140,359
Aboriginal languages	1,412,322	1,355,828	1,562,217
	<b>14,518,294</b>	<b>15,283,244</b>	<b>15,144,998</b>
<b>Operating Surplus (Deficit) before other item</b>	<b>\$ (11,697)</b>	<b>\$ 256,262</b>	<b>\$ 167,699</b>
Other item:			
Other employee future benefits and compensated absences, Note 17	-	105,102	88,428
	<b>\$ (11,697)</b>	<b>\$ 361,364</b>	<b>\$ 256,127</b>
<b>Accumulated surplus (Deficit), beginning of year</b>		<b>\$ (95,014)</b>	<b>\$ (351,141)</b>
<b>Accumulated surplus (deficit), end of year</b>		<b>\$ 266,350</b>	<b>\$ (95,014)</b>

## Sahtu Divisional Education Council

### Consolidated Statement of Changes in Net Assets (Debt)

For the year ended June 30, 2019

	2019	2018
Annual surplus (deficit)	\$ 361,364	\$ 256,127
Change in prepaid expenses	(27,209)	7,453
Increase (decrease) in net financial resources	334,155	263,580
Net financial resources, beginning of year	(114,374)	(377,954)
Net financial resources, end of year	\$ 219,781	\$ (114,374)

# Sahtu Divisional Education Council

## Consolidated Statement of Cash Flow

For the year ended June 30, 2019

	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating Transactions</b>		
Operating Surplus (Deficit)	\$ 361,364	\$ 256,127
	361,364	256,127
Change in non-cash assets and liabilities:		
Accounts receivable	(686,740)	(32,229)
Accounts payable and accrued liabilities	(64,289)	115,671
Payroll liabilities	499,546	(31,658)
Deferred revenue	631,716	115,236
Post-employment benefits	(105,102)	(88,428)
Prepaid expenses	(27,209)	7,453
	247,922	86,045
Increase (Decrease) in cash and cash equivalents	609,286	342,172
Cash and cash equivalents, beginning of year	3,009,967	2,667,795
Cash and cash equivalents, end of year	\$ 3,619,253	\$ 3,009,967
Consists of:		
Cash	\$ 3,260,052	\$ 2,610,687
Special purpose funds	359,201	399,280
	\$ 3,619,253	\$ 3,009,967

## Sahtu Divisional Education Council

Consolidated Detail of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accom.	Operations & Maintenance	Administration	Aboriginal Languages	2019 Total	2019 Budget	2018 Total
<b>Salaries</b>									
Teachers' salaries	\$ 6,840,834	\$ 1,128,547	\$ -	\$ -	\$ -	\$ 1,181,103	\$ 9,150,484	\$ 9,183,313	\$ 9,128,545
Instruction assistants	6,562	873,987	-	-	-	57,366	937,915	1,021,658	895,719
Non-instructional staff	1,141,584	264,700	-	-	733,618	-	2,139,902	1,969,299	2,145,070
Board/Trustee honorarium	-	-	-	-	44,405	40,861	85,266	76,000	80,703
	7,988,980	2,267,234	-	-	778,023	1,279,330	12,313,567	12,250,270	12,250,037
<b>Employee Benefits</b>									
Employee benefits and allowances	7,298	-	-	-	-	-	7,298	69,000	21,668
Leave and termination benefits	436,608	-	-	-	-	-	436,608	479,000	388,227
	443,906	-	-	-	-	-	443,906	548,000	409,895
<b>Services Purchased/Contracted</b>									
Professional services	519,224	22,089	-	-	-	-	541,313	534,872	567,150
Postage and communication	40,167	-	-	-	34,882	-	75,049	36,000	78,384
<b>Utilities</b>									
Heating	-	-	-	-	-	-	-	-	6,729
Electricity	-	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-	-
Travel	140,657	74,775	-	-	64,363	21,103	300,898	235,000	302,322
Student transportation (busing)	150,536	-	-	-	-	-	150,536	175,000	194,500
Advertising/printing/publishing	629	-	-	-	-	-	629	2,000	3,437
Maintenance and repair	36,548	-	-	4,200	-	-	40,748	7,200	24,942
Rentals and leases	-	-	-	135,773	-	-	135,773	141,752	144,254
Other contracted services	41,960	-	-	-	50,456	28,613	121,029	51,500	180,401
Other	27,141	12,099	-	-	117,815	-	157,055	119,500	131,335
	956,862	108,963	-	139,973	267,516	49,716	1,523,030	1,302,824	1,633,454
<b>Materials, Supplies and Freight</b>									
Materials	657,079	142,476	-	-	130,080	26,444	956,079	275,700	801,205
Freight	41,357	3,276	-	-	1,691	338	46,662	15,500	50,407
	698,436	145,752	-	-	131,771	26,782	1,002,741	291,200	851,612
<b>Contributions/Transfers</b>									
Transfers	-	-	-	-	-	-	-	126,000	-
<b>Debt Services</b>									
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 10,088,184</b>	<b>\$ 2,521,949</b>	<b>\$ -</b>	<b>\$ 139,973</b>	<b>\$ 1,177,310</b>	<b>\$ 1,355,828</b>	<b>\$ 15,283,244</b>	<b>\$ 14,518,294</b>	<b>\$ 15,144,998</b>

# SAHTU DIVISIONAL EDUCATION COUNCIL

Aboriginal Language and Cultural-based Education Expenses

For the year ended June 30, 2019

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2019 Total
<b>Salaries</b>					
ALCBE teachers	\$ 1,181,103	\$ -	\$ -	\$ -	\$ 1,181,103
Language consultants	-	-	-	-	-
Instruction assistants	57,366	-	-	-	57,366
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
Elders in schools	-	-	-	40,861	40,861
	1,238,469	-	-	40,861	1,279,330
<b>Employee Benefits</b>					
Employee benefits and allowances	-	-	-	-	-
<b>Services Purchased/Contracted</b>					
Professional services	-	-	-	-	-
Postage and communication	-	-	-	-	-
Travel	21,103	-	-	-	21,103
Student transportation (busing)	-	-	-	-	-
Advertising, printing and publishing	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Rentals and leases	-	-	-	-	-
Other contracted services	28,613	-	-	-	28,613
	49,716	-	-	-	49,716
<b>Materials, Supplies and Freight</b>					
Materials	26,444	-	-	-	26,444
Freight	338	-	-	-	338
	26,782	-	-	-	26,782
<b>Total</b>	\$ 1,314,967	\$ -	\$ -	\$ 40,861	\$ 1,355,828

# Sahtu Divisional Education Council

Aboriginal Languages

For the year ended June 30, 2019

	July 1 to March 31	April 1 to June 30	Total
<b>Contribution Agreement</b>			
<b>Aboriginal Languages</b>			
Revenues			
Funding Received	\$ 120,000	\$ -	\$ 120,000
	120,000	-	120,000
Expenditure			
Salaries	116,377	52,590	168,967
Other O & M	-	-	-
	116,377	52,590	168,967
Net Surplus (Deficit)	\$ 3,623	\$ (52,590)	\$ (48,967)

## Sahtu Divisional Education Council

### Inclusive Schooling Expenses

For the year ended June 30, 2019

	General Inclusive Schooling	Staff Development	Assistive Technology	Magnet Facilities	Total
<b>Salaries</b>					
Program Support Teachers	\$ 1,128,547	\$ -	\$ -	\$ -	\$ 1,128,547
Support Assistants	873,987	-	-	-	873,987
Regional Coordinator	264,700	-	-	-	264,700
	<u>2,267,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267,234</u>
<b>Employee Benefits</b>					
Employee benefits and allowances	-	-	-	-	-
<b>Services Purchased/Contracted</b>					
Professional/Technical Services	22,089	-	-	-	22,089
Travel	74,775	-	-	-	74,775
Student Transportation (Busing)	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-
Rentals/Leases	-	-	-	-	-
Other contracted services	-	12,099	-	-	12,099
	<u>96,864</u>	<u>12,099</u>	<u>-</u>	<u>-</u>	<u>108,963</u>
<b>Materials, Supplies and Freight</b>					
Materials	142,476	-	-	-	142,476
Freight	3,276	-	-	-	3,276
	<u>145,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,752</u>
<b>Total</b>	<b>\$ 2,509,850</b>	<b>\$ 12,099</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,521,949</b>

# Sahtu Divisional Education Council

French Language Programs

For the year ended June 30, 2019

	ECE Contributions July 1 to June 30	Commitment from Sahtu July 1 to June 30	Expenses July 1 to June 30
<b>Special projects:</b>			
Core French Instruction	\$ 55,000	\$ 131,420	\$ 131,420



# Sahtu Divisional Education Council

Jordan's Principal

For the year ended June 30, 2019

	June 30, 2019 Budget	June 30, 2019 Actual	June 30, 2018 Actual
Revenue			
Government of Canada	\$	\$	\$
First Nations and Inuit Health Branch	768,277	768,277	-
Carry Forward from Previous Year	-	-	-
Total Revenue	768,277	768,277	-
Expenses			
Administration	-	-	-
Personnel	85,000	75,507	-
Transportation	59,250	5,611	-
Materials and Supplies	126,420	5,853	-
Rent and Utilities	-	-	-
Evaluation	-	9,512	-
Other	497,607	-	-
Total Expenses	768,277	96,483	-
Net Surplus/(Deficit)	\$ -	\$ 671,794	\$ -
Deferred revenue	-	671,795	

**Sahtu Divisional Education Council**

Northern Distance Learning

For the year ended June 30, 2019

	Budget	Tulita	Fort Good Hope	Deline	Total	July 1 to March 31	April 1 to June 30	Total
<b>Revenue</b>								
Education, Culture and Employment	\$ 60,670	\$ 21,027	\$ 20,947	\$ 18,696	\$ 60,670	\$ 60,670	\$ -	\$ 60,670
Other	-	-	-	-	-	-	-	-
	60,670	21,027	20,947	18,696	60,670	60,670	-	60,670
<b>Expenses</b>								
<b>Salaries/Wages</b>								
Instructional Staff	-	-	-	-	-	-	-	-
<i>Teachers</i>	-	-	-	-	-	-	-	-
<i>On-site support person</i>	60,670	-	-	-	-	-	-	-
Non-Instructional Staff	-	-	-	-	-	-	-	-
<i>Moodle (Online strategy)</i>	-	-	-	-	-	-	-	-
<i>DL Coordinator</i>	-	-	-	-	-	-	-	-
<i>PD - online learning field</i>	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>								
Network	-	2,099	-	8,657	10,756	10,756	-	10,756
Travel	-	-	-	-	-	-	-	-
<i>Coordinator travel</i>	-	-	-	-	-	-	-	-
Professional Development	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-
<i>In-service release</i>	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<i>IT support</i>	-	-	-	-	-	-	-	-
<b>Materials, Supplies and Freight</b>								
Computer Equipment	-	-	-	-	-	-	-	-
<i>Document cameras</i>	-	-	-	-	-	-	-	-
<i>Phone</i>	-	-	-	-	-	-	-	-
<i>Laptop</i>	-	-	-	-	-	-	-	-
<i>Video (Monopad)</i>	-	-	-	-	-	-	-	-
<i>Wireless adapters and splitter</i>	-	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total expenses</b>	60,670	2,099	-	8,657	10,756	10,756	-	10,756
<b>Net surplus/(deficit)</b>	\$ -	\$ 18,928	\$ 20,947	\$ 10,039	\$ 49,914	\$ 49,914	\$ -	\$ 49,914

# Sahtu Divisional Education Council

## Student Success Initiative Projects

For the year ended June 30, 2019

	School Year
Revenue	
Education, Culture and Employment	\$ 55,000
NWTTA	42,000
<b>Total Revenue</b>	<b>97,000</b>
Expenses	
Salaries and wages	
Facilitator fees (including per diems)	50,115
Substitute teacher wages	-
Staff (p/y)	-
Travel	
Facilitator travel	20,586
Air charter	-
Staff travel	7,676
Accommodations	5,735
Daily per diems	1,650
Workshop expenses	
Room rental	-
Refreshments	895
Resources	8,367
Miscellaneous (stationary/printing)	-
<b>Total Expenses</b>	<b>95,024</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 1,976</b>

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 1. Nature of Organization

The Sahtu Divisional Education Council ("The Council") was established by the *Education Act* of the Government of the Northwest Territories (GNWT) by order of the Minister dated April 1, 1989. Its purpose is to administer and maintain the standards of education program defined under the *Education Act* in the communities in the Sahtu Region.

Consequently, the Council is dependent on funding from the Department of Education, Culture, and Employment (ECE) of the GNWT. Member Communities have formed local District Education Authorities (DEA) which have assumed responsibility to provide sufficient educational programs within their respective communities.

The Council is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Council is a public body performing a function of government in Canada. Paragraph 149(1)(C) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

The accompanying consolidate financial statements include the operations of the Council, and the member District Education Authorities of Colville Lake, Deline, Fort Good Hope, Norman Wells, and Tulita.

## Note 2. Significant Accounting Policies

### (a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

### (b) Cash and Cash Equivalents

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

### (c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 2. Significant Accounting Policies (continued)

### (c) Financial Instruments

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

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, asset is recognized in operations.

### (d) Non-financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Body because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Body.

### (e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

### (f) Revenue Recognition

#### *Government Transfers:*

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

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

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are recognized as acquired or built.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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## **(f) Revenue Recognition - (Continued)**

### *GNWT – Regular Contributions:*

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

### *Other Contributions:*

The Education Body follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

### *Deferred Revenue:*

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

### *Investment Income:*

Investment income is recognized when received or receivable, if the amount can be reasonably estimated

## **(g) Infrastructure Funding**

Any personnel, utilities, and leases infrastructure funding net surplus at the end of the fiscal year is recorded as a payable to the GNWT. Net deficits are not shown as receivable from the GNWT since these amounts are not repayable.

## **(h) Budget Data**

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Body and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k,l and m of the *Education Act*.

This annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget may be amended within a given fiscal year in accordance with Education Body policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 2. Summary of Significant Accounting Policies (continued)

### (i) Measurement Uncertainty

The preparation of these consolidated 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

### (j) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

### (k) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Body determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

### (l) Post-employment and Termination Benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on the number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Education Body and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 2. Summary of Significant Accounting Policies (continued)

### (m) Special Purpose Funds

School activity funds which are fully controlled by the Education Body with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefits.

Student activity funds which are controlled by students or parties other than the Education Body are not included even if custody of the funds is held by the Education Body.

## Note 3. Future Accounting Changes and Adoption of New Accounting Standards

### Future Accounting Changes

#### *Revenues - Section PS 3400*

PSAB has approved Section PS 3400, Revenues. This Section establishes standards on how to account for and report on revenue. This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. This Section may be applied retroactively or prospectively. Management is currently assessing the impact of the standard.

#### *Inter-entity Transactions - Section PS 3420*

PSAB approved Section PS 3420, Inter-entity transactions. This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The new standard is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. Management is currently assessing the impact of the standard.

#### *Financial Instruments - Section PS 3450*

PSAB has implemented changes to Section PS 3450, Financial instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. Management is currently assessing the impact of the standard.

#### *Student Activity/Fiduciary Funds Policy*

Student Activity/Fiduciary funds policy is currently under review by the GNWT - ECE for possible inclusion in Special Purpose Funds. At this time no formal directive has been released and, therefore management is unable to determine any impact that may exist on the financial statements.

### Adoption of New Accounting Standards

Effective April 1, 2018, the new standard from the PSA Handbook Section PS 3430 – restructuring transactions was adopted. There is no significant impact on the consolidated financial statements as a result of adopting the new standards.



# Sahtu Divisional Education Council

## Consolidated Statement of Operations and Surplus

For the year ended June 30, 2019

### Note 4. Cash and Cash Equivalents

	2019		2018	
Cash	\$	3,260,052	\$	2,610,687
Short term investments		-		-
	\$	3,260,052	\$	2,610,687

### Note 5. Special Purpose Funds

Special purpose funds consist of account balances held by each of the individual District Education Authorities for which the Education Body has control of when and how the funds are disbursed. Additionally, the SDEC administers funding for the Community Justice Committee.

	2019		2018	
Colville Lake	\$	8,000	\$	8,000
Deline		69,661		97,801
Fort Good Hope		113,549		67,522
Norman Wells		53,272		108,328
Tulita		64,815		75,069
SDEC (CJC)		49,904		42,560
	\$	359,201	\$	399,280

### Note 6. Restricted Assets - Not Applicable

### Note 7. Portfolio Investments - Not Applicable

### Note 8. Accounts Receivable

	Receivables 2019		AFDA 2019		Net 2019		Net 2018	
GNWT - ECE	\$	217,525	\$	-	\$	217,525	\$	273,313
GNWT - HSS		925		-		925		30,141
GNWT - MACA		148,050		-		148,050		137,852
GNWT - Justice		30,000		-		30,000		28,000
GNWT - ENR		-		-		-		-
Total Due from GNWT		396,500		-		396,500		469,306
WSCC		-		-		-		-
Other		982,762		112,664		870,098		110,552
	\$	1,379,262	\$	112,664	\$	1,266,598	\$	579,858

### Note 9. Inventories - Not Applicable

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

## Note 10. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts payable and accrued liabilities		
GNWT	\$ 297	\$ 35,719
WSCC	-	-
Trade payables	202,706	231,573
	203,003	267,292
Payroll liabilities		
To GNWT (A)	931,364	531,562
To Employees (B)	989,820	910,798
Annual Leave	86,172	63,714
Lieu	6,420	11,196
Other	3,040	-
	2,016,816	1,517,270
	\$ 2,219,819	\$ 1,784,562

Note A: Amount outstanding to be paid to GNWT by the education board for salaries and wages paid by June 30.

Note B: Amount accrued by the education board for salaries and wages to be paid in July and August.

## Note 11. Deferred Revenue

	2019	2018
MACA		
Active After School	\$ 71,000	\$ 66,500
Youth Contribution	37,995	28,977
Regional Youth Sports	39,250	42,375
Encounters	4,000	-
Justice		
Community Justice	49,904	42,560
ITI		
Seed	-	-
ECE		
Northern Distance Learning	49,915	82,340
Library	107,137	107,128
HSS		
Nutrition North	-	29,400
Government of Canada		
Jordan's Principle	671,795	-
	\$ 1,030,996	\$ 399,280

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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Note 12. **Contribution Repayable - Not Applicable**

Note 13. **Due From and To the Government of Canada - Not Applicable**

Note 14. **Capital Lease Obligations - Not Applicable**

Note 15. **Pension - Not Applicable**

Note 16. **Long-term Debt - Not Applicable**

Note 17. **Other employee future benefits and compensated absences**

The Education Body 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 deficit equal to the accrued post-employment benefits obligation.

Severance benefits are paid to employees based on the types 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.

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

## **Valuation results**

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2018 and the results extrapolated to June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Terminations Benefits for the consolidated Government.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

## Note 17. Other employee future benefits and compensated absences (continued)

	Severance and removal	Compensated Absences	2019	2018
<b>Changes in Obligation</b>				
Accrued benefit obligations beginning of the year	\$ 657,890	\$ 123,192	\$ 781,082	\$ 880,345
Current period benefit cost	52,620	16,425	69,045	70,775
Interest accrued	24,746	4,920	29,666	28,497
Benefits payments	(54,702)	(39,307)	(94,009)	(91,300)
Plan amendments	-	-	-	-
Actuarial (gain)/loss	126,021	42,054	168,075	(107,235)
Accrued benefit obligation end of year	806,575	147,284	953,859	781,082
Unamortized net actuarial gain	431,025	30,371	461,396	739,275
Net future obligation	1,237,600	177,655	1,415,255	1,520,357
<b>Benefits Expense</b>				
Current period benefit cost	52,620	16,425	69,045	70,775
Interest accrued	24,746	4,920	29,666	28,497
Plan amendments	-	-	-	-
Amortization of actuarial gains	(95,473)	(14,331)	(109,804)	(96,400)
	(18,107)	7,014	(11,093)	2,872

The discount rate used to determine the accrued benefit obligation is an average of 3.3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	Total
2020	\$ 138,555	\$ 21,729	\$ 160,284
2021	107,876	18,545	126,421
2022	83,301	15,626	98,927
2023	64,606	13,156	77,762
2024	56,737	11,904	68,641
	\$ 451,075	\$ 80,960	\$ 532,035

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

Note 18. **Trust Assets and Liabilities under Administration - Not Applicable**

Note 19. **Tangible Capital Asset - Not Applicable**

Note 20. **Prepaid Expenses**

	2019	2018
Prepaid expenses	\$ 46,569	\$ 19,360

Note 21. **GNWT Assets Provided at No Cost**

	Cost	Accumulated Amortization	Net Book Value	
			2019	2018
Buildings				
Schools and colleges	\$ 66,333,683	\$ 22,941,121	\$ 43,392,562	\$ 45,001,718
Staff Housing	275,800	113,299	162,501	174,843
	\$ 66,609,483	\$ 23,054,420	\$ 43,555,063	\$ 45,176,561

Note 22. **Contractual Obligations**

The Education Body has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2019.

	Expires in Fiscal Year *	2020	2021 and thereafter	Total
Commercial and residential leases	2023	\$ 235,483	\$ 708,020	\$ 943,503

\* Refers to the last fiscal year of all agreements in that line category

The lease on the Council's office expires on August 31, 2023. A 15 year lease agreement was entered into at the Edward Hodgson Building with monthly lease payments starting September 1, 2008. From September 1, 2008 to August 31, 2018 the annual lease payments will remain at \$106,752. After 10 years, the lease amount may be adjusted based on the expected market conditions for the following 5 years.

In addition, the Council is responsible for its proportionate share of utilities and cleaning services received during its term of occupancy.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

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## Note 23. **Contingencies - Not applicable**

## Note 24. **Related Parties and Inter-Entity Transactions**

The Education Body is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Body enters into transactions with these entities in the normal course of operations. The Education Body is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note. There are no related party balances not disclosed elsewhere.

## Note 25. **Budget**

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenues and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget figures presented are those approved by the Minister of education, Culture and Employment on June 5, 2018 and have not been audited.

## Note 26. **Economic Dependence**

The Sahtu District Education Council received its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that Sahtu District Education Council operations would be significantly affected.

## Note 27. **Financial Instruments**

The Education Body is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Education Body's risk exposure and concentration as of June 30, 2019.

### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Education Body has little exposure to credit risk as the majority of its revenues originate from government sources with strong credit worthiness.

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

## Note 27. Financial Instruments (continued)

### Liquidity

Liquidity risk is the risk the Education Body will not be able to meet its obligations as they come due. The Education Body manages its liquidity requirements by preparing detailed cash budgets and having cash available on hand to meet its obligations.

### 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 currency risk, interest rate risk and other price risk.

### Currency risk

The Education Body deals exclusively in Canadian funds and therefore has no currency risk.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Education Body minimizes risk through its normal operating and financing activities and maintains cash in a general bank account.

## Note 28. Expenses by Object

	2019 Budget	2019 Actual	2018 Actual
Salaries	\$ 12,250,270	\$ 12,313,567	\$ 12,250,037
Employee Benefits	548,000	443,906	409,895
Services Purchased/Contracted	1,302,824	1,523,030	1,633,454
Materials, Supplies and Freight	417,200	1,002,741	851,612
Debt Services	-	-	-
	\$ 14,518,294	\$ 15,283,244	\$ 15,144,998

## Note 29. Subsequent Events - Not Applicable

## Note 30. Comparative Figures

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

## Note 31. Other ECE Revenue

	2019	2018
Library	\$ 140,000	\$ 140,000
Health and wellness	11,660	-
Youth with disabilities	12,500	-
Self regulation	7,000	4,000
Distance learning	60,670	73,185
LMAPD	-	24,000
Less: Deferred revenue & contributions repaid	(93,403)	(188,108)
	\$ 138,427	\$ 53,077

# Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2019

## Note 32. GNWT - Other Contributions

	2019	2018
MACA		
Active After School	\$ 98,950	\$ 66,500
Youth Contribution	17,450	56,670
Regional Youth Sports	39,250	49,075
On the land	7,200	4,442
Youth Corps Rainbow United GSA	38,050	-
Keepers of the land	22,500	-
Kelly lake	5,000	-
Model Rocket	1,135	-
TAKT	19,450	-
Volunteer	-	2,000
Puppeteer	-	5,000
Youth Heritage	-	4,227
HSS		
Drop The Pop	8,850	8,500
Nutrition North	-	28,000
ITI		
Growing Resistance: Northern Agriculture Program	48,050	-
Justice		
Community Justice	56,000	56,000
Other		
On the land	-	26,000
Less: Deferred revenue & contributions repaid	(12,039)	71,161
	\$ 349,846	\$ 377,575

Note 33. **Contingent Assets - Not Applicable**

Note 34. **Contractual Rights - Not Applicable**

Note 35. **Statement of Remeasurement Gains and Losses - Not Applicable**



# Sahtu Divisional Education Council

## Schedule A-1 - Statement of Council Operations and Financial Position (Non-Consolidated)

For the year ended June 30, 2019

	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Revenue			
Government of the Northwest Territories	\$ 14,464,597	\$ 15,166,583	\$ 15,110,300
Other education body generated funds	42,000	276,440	202,397
	<u>14,506,597</u>	<u>15,443,023</u>	<u>15,312,697</u>
Expenditure			
Administration	962,853	1,012,430	960,194
School programs	9,476,933	9,681,725	9,904,708
Inclusive schooling	2,517,234	2,521,949	2,053,991
Operations and maintenance	148,952	139,973	140,359
Aboriginal languages	1,412,322	1,355,828	1,539,021
	<u>14,518,294</u>	<u>14,711,905</u>	<u>14,598,273</u>
Excess (Deficiency) of Revenue over Expenditure	\$ (11,697)	\$ 731,118	\$ 714,424
Accumulated surplus (deficit), beginning of year		3,067,655	2,353,231
Accumulated surplus (deficit), end of year		<u>\$ 3,798,773</u>	<u>\$ 3,067,655</u>

## SATHU DIVISIONAL EDUCATION COUNCIL

Schedule A-2 - Details of Council Expenses (Non-Consolidated)

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Council Administration	Aboriginal Languages	Fiscal & Transfers	2019 Total
<b>Salaries</b>								
Teachers' salaries	\$ 6,840,834	\$ 1,128,547	\$ -	\$ -	\$ -	\$ 1,181,103	\$ -	\$ 9,150,484
Instruction Assistant	6,562	873,987	-	-	-	57,366	-	937,915
Non Instructional Staff	1,028,908	264,700	-	-	688,746	-	-	1,982,354
Board/Trustee Honoraria	-	-	-	-	21,712	40,861	-	62,573
	7,876,304	2,267,234	-	-	710,458	1,279,330	-	12,133,326
<b>Employee Benefits</b>								
Employee benefits and allowances	7,298	-	-	-	-	-	-	7,298
Leave and termination benefits	436,608	-	-	-	-	-	-	436,608
	443,906	-	-	-	-	-	-	443,906
<b>Services Purchased/Contracted</b>								
Professional/Technical Services	519,224	22,089	-	-	-	-	-	541,313
Postage/Communication	40,167	-	-	-	34,882	-	-	75,049
Utilities	-	-	-	-	-	-	-	-
Heating	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-
Travel	117,653	74,775	-	-	64,363	21,103	-	277,894
Student Travel (busing)	150,536	-	-	-	-	-	-	150,536
Advertising/Printing/Publishing	629	-	-	-	-	-	-	629
Maintenance/Repair	36,548	-	-	4,200	-	-	-	40,748
Rentals/Leases	-	-	-	135,773	-	-	-	135,773
Other - Contracted Services	41,960	-	-	-	50,456	28,613	-	121,029
Other - Miscellaneous	27,141	12,099	-	-	23,166	-	-	62,406
	933,858	108,963	-	139,973	172,867	49,716	-	1,405,377
<b>Materials, Supplies and Freight</b>								
Materials	394,763	142,476	-	-	127,414	26,444	-	691,097
Freight	32,894	3,276	-	-	1,691	338	-	38,199
	427,657	145,752	-	-	129,105	26,782	-	729,296
<b>Contributions and Transfers</b>								
Transfers to DEAs	-	-	-	-	-	-	-	-
Transfers to Capital	-	-	-	-	-	-	-	-
<b>Amortization</b>								
	-	-	-	-	-	-	-	-
<b>Debt Services</b>								
	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 9,681,725</b>	<b>\$ 2,521,949</b>	<b>\$ -</b>	<b>\$ 139,973</b>	<b>\$ 1,012,430</b>	<b>\$ 1,355,828</b>	<b>\$ -</b>	<b>\$ 14,711,905</b>

# SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-1 District Education Authorities  
Statement of Operations - Non-Consolidated

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 109,000	126,000	126,000
GNWT	-	715,756	617,739
Other	-	-	-
Deferred Revenue	-	(262,867)	(120,164)
Contributions Repaid	(10,851)	(46,430)	(47,964)
	(10,851)	406,459	449,611
<b>Total revenue</b>	<b>98,149</b>	<b>532,459</b>	<b>575,611</b>
<b>Expenditure</b>			
Administration	57,500	164,880	97,114
School programs	61,109	406,459	426,415
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	23,196
	\$ 118,609	571,339	546,725
Surplus (Deficit)	(20,460)	(38,880)	28,886
Opening equity		79,450	50,564
Closing equity		\$ 40,570	\$ 79,450
<b>Composition of Ending Accumulated Surplus</b>			
Cash	\$	-	\$ -
Accounts receivable		40,570	79,450
Accounts payable		-	-
	\$	40,570	\$ 79,450

# SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-2 - Details of DEA Expenses

Non-Consolidated

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accom.	Operations and Maintenance	Council Administration	Aboriginal Languages	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non-instructional Staff	112,676	-	-	-	44,872	-	157,548
Board/Trustee Honorarium	-	-	-	-	22,693	-	22,693
	112,676	-	-	-	67,565	-	180,241
<b>Employee Benefits</b>							
Employee Benefits and Allowances	-	-	-	-	-	-	-
Leave and Termination	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities							
Heating	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-
Travel	23,004	-	-	-	-	-	23,004
Student Transportation (busing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Fees	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	94,649	-	94,649
	23,004	-	-	-	94,649	-	117,653
<b>Materials/Supplies/Freight</b>							
Materials	262,316	-	-	-	2,666	-	264,982
Freight	8,463	-	-	-	-	-	8,463
	270,779	-	-	-	2,666	-	273,445
<b>Total</b>	<b>\$ 406,459</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 164,880</b>	<b>\$ -</b>	<b>571,339</b>

# COLVILLE LAKE

District Education Authority  
Statement of Operations

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ -	\$ 17,000	\$ 17,000
GNWT	-	29,261	18,125
Other	-	-	-
Deferred Revenue	12,671	(7,634)	15,700
Contributions Repaid	(12,671)	(366)	(11,956)
	-	38,261	38,869
<b>Expenses</b>			
Administration	-	27,077	13,638
School programs	-	21,261	21,869
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	-
	-	48,338	35,507
Surplus (Deficit)	-	(10,077)	3,362
Opening equity		22,748	19,386
Closing equity	\$	12,671	\$ 22,748
<b>Composition of Closing Equity</b>			
Cash	\$	-	\$ -
Accounts Receivable		12,671	22,748
Accounts Payable		-	-
	\$	12,671	\$ 22,748

## COLVILLE LAKE

District Education Authority  
Details of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	5,704	-	5,704
	-	-	-	-	5,704	-	5,704
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	21,373	-	21,373
	-	-	-	-	21,373	-	21,373
<b>Materials/Supplies/Freight</b>							
Materials	19,392	-	-	-	-	-	19,392
Freight	1,869	-	-	-	-	-	1,869
	21,261	-	-	-	-	-	21,261
<b>Total</b>	<b>\$ 21,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,077</b>	<b>\$ -</b>	<b>48,338</b>

## DELINE

District Education Authority  
Statement of Operations

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 26,000	\$ 26,000	\$ 26,000
GNWT	-	143,610	118,769
Other	-	-	-
Deferred Revenue	4,717	(69,528)	(42,254)
Contributions Repaid	-	(134)	(13,760)
	<u>30,717</u>	<u>99,948</u>	<u>88,755</u>
<b>Expenses</b>			
Administration	18,000	30,995	18,229
School programs	17,609	73,949	55,929
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	6,826
	<u>35,609</u>	<u>104,944</u>	<u>80,984</u>
Surplus (Deficit)	(4,892)	(4,996)	7,771
Opening equity		9,713	1,942
Closing equity	\$	4,717	\$ 9,713
<b>Composition of Closing Equity</b>			
Cash	\$	-	\$ -
Accounts Receivable		4,717	9,713
Accounts Payable		-	-
	<u>\$</u>	<u>4,717</u>	<u>\$ 9,713</u>

## DELINE

District Education Authority  
Details of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	26,095	-	-	-	10,994	-	37,089
Board/Trustee Honoraria	-	-	-	-	5,069	-	5,069
	26,095	-	-	-	16,063	-	42,158
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	12,266	-	12,266
	-	-	-	-	12,266	-	12,266
<b>Materials/Supplies/Freight</b>							
Materials	44,713	-	-	-	2,666	-	47,379
Freight	3,141	-	-	-	-	-	3,141
	47,854	-	-	-	2,666	-	50,520
<b>Total</b>	\$ 73,949	\$ -	\$ -	\$ -	30,995	\$ -	104,944



# FORT GOOD HOPE

District Education Authority  
Statement of Operations

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 26,000	\$ 26,000	\$ 26,000
GNWT	-	259,211	193,628
Other	-	-	-
Deferred Revenue	8,663	(94,757)	(5,562)
Contributions Repaid	(8,863)	(18,791)	(1,055)
	25,800	171,663	213,011
<b>Expenses</b>			
Administration	13,000	25,793	24,196
School programs	13,000	145,663	179,011
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	8,000
	26,000	171,456	211,207
Surplus (Deficit)	(200)	207	1,804
Opening equity		8,663	6,859
Closing equity	\$	8,870	\$ 8,663
<b>Composition of Closing Equity</b>			
Cash	\$	-	\$ -
Accounts Receivable		8,870	8,663
Accounts Payable		-	-
	\$	8,870	\$ 8,663

## FORT GOOD HOPE

District Education Authority  
Details of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	40,204	-	-	-	11,630	-	51,834
Board/Trustee Honoraria	-	-	-	-	7,673	-	7,673
	40,204	-	-	-	19,303	-	59,507
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	21,690	-	-	-	-	-	21,690
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	6,490	-	6,490
	21,690	-	-	-	6,490	-	28,180
<b>Materials/Supplies/Freight</b>							
Materials	80,528	-	-	-	-	-	80,528
Freight	3,241	-	-	-	-	-	3,241
	83,769	-	-	-	-	-	83,769
<b>Total</b>	<b>\$ 145,663</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,793</b>	<b>\$ -</b>	<b>171,456</b>

# NORMAN WELLS

District Education Authority  
Statement of Operations

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 30,000	\$ 30,000	\$ 30,000
GNWT	-	180,048	165,342
Other	-	-	-
Deferred Revenue	4,076	(52,029)	(50,324)
Contributions Repaid	(4,076)	(1,243)	474
	<u>30,000</u>	<u>156,776</u>	<u>145,492</u>
<b>Expenses</b>			
Administration	11,500	39,921	18,727
School programs	18,500	126,776	115,492
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	-
	<u>30,000</u>	<u>166,697</u>	<u>134,219</u>
Surplus (Deficit)	-	(9,921)	11,273
Opening equity		13,997	2,724
Closing equity	\$	4,076	\$ 13,997
<b>Composition of Closing Equity</b>			
Cash	\$	-	\$ -
Accounts Receivable		4,076	13,997
Accounts Payable		-	-
	<u>\$</u>	<u>4,076</u>	<u>\$ 13,997</u>

## NORMAN WELLS

District Education Authority  
Details of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	30,799	-	-	-	10,978	-	41,777
Board/Trustee Honoraria	-	-	-	-	-	-	-
	30,799	-	-	-	10,978	-	41,777
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	1,314	-	-	-	-	-	1,314
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	28,943	-	28,943
	1,314	-	-	-	28,943	-	30,257
<b>Materials/Supplies/Freight</b>							
Materials	94,663	-	-	-	-	-	94,663
Freight	-	-	-	-	-	-	-
	94,663	-	-	-	-	-	94,663
<b>Total</b>	<b>\$ 126,776</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,921</b>	<b>\$ -</b>	<b>166,697</b>

# TULITA

## District Education Authority Statement of Operations

For the year ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Contributions from Divisional Council	\$ 27,000	\$ 27,000	\$ 27,000
GNWT	-	103,626	121,875
Other	-	-	-
Deferred Revenue	23,452	(38,919)	(37,724)
Contribution Repayable	(23,452)	(25,896)	(21,667)
	<u>27,000</u>	<u>65,811</u>	<u>89,484</u>
<b>Expenses</b>			
Administration	15,000	41,094	22,324
School programs	12,000	38,810	54,114
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	8,370
	<u>27,000</u>	<u>79,904</u>	<u>84,808</u>
Surplus (Deficit)	-	(14,093)	4,676
Opening equity		<u>24,329</u>	<u>19,653</u>
Closing equity	\$	<u>10,236</u>	\$ <u>24,329</u>
<b>Composition of Closing Equity</b>			
Cash	\$	-	\$ -
Accounts Receivable		10,236	24,329
Accounts Payable		-	-
	\$	<u>10,236</u>	\$ <u>24,329</u>

# TULITA

District Education Authority  
Details of Expenses

For the year ended June 30, 2019

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
<b>Salaries</b>							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	15,578	-	-	-	11,270	-	26,848
Board/Trustee Honoraria	-	-	-	-	4,247	-	4,247
	15,578	-	-	-	15,517	-	31,095
<b>Employee Benefits</b>							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Services Purchased/Contracted</b>							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	25,577	-	25,577
	-	-	-	-	25,577	-	25,577
<b>Materials/Supplies/Freight</b>							
Materials	23,020	-	-	-	-	-	23,020
Freight	212	-	-	-	-	-	212
	23,232	-	-	-	-	-	23,232
<b>Total</b>	<b>\$ 38,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,094</b>	<b>\$ -</b>	<b>79,904</b>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL**

**FORT SMITH, NT.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Management Discussion and Analysis  
For the year ended June 30, 2019**

**Introduction**

This management discussion and analysis is prepared as part of the responsibility of management and the *South Slave Divisional Education Council* (SSDEC) to promote transparency and accountability in its financial reporting.

The SSDEC was established in 1991 with a mandate to provide a quality pre-kindergarten (4 yr olds) to grade twelve education to approximately 1,300 students in the communities of Hay River, Fort Smith, K'atlodeeche, Fort Resolution and Lutsel K'e. The SSDEC is comprised of one representative from each of the five community-based District Education Authorities (DEAs). DEAs are elected or appointed at the community level, and each DEA chooses one of its members to represent them at the regional SSDEC meetings. The 2018/19 representatives were as follows:

Fort Smith – Ann Pischinger (Chairperson)  
Fort Resolution – Bess Ann McKay (Vice-Chairperson)  
Hay River – Pennie Pokiak  
K'atlodeeche – Roseann Tourangeau  
Lutsel K'e – Thomas Lafferty

Key senior management positions were as follows:

Superintendent – Dr. Curtis Brown  
Division Principals – Alan Karasiuk/Dorie Hanson  
Comptroller – James Watts, CPA

The SSDEC and its DEAs are committed to a philosophy of education which is built upon a foundation of enabling communities, DEAs, schools, staff members, and parents to help students reach their potential. Student achievement is at the heart of everyone's work at the SSDEC and is the common thread connecting the Council's vision, mission, beliefs and values.

<b>VISION</b>
<b>All individuals reach their educational potential</b>
<b>MISSION</b>
<b><i>The South Slave Divisional Education Council strives to prepare students to create their futures by ensuring high levels of learning for ALL.</i></b>

The SSDEC is committed to improving student *literacy, numeracy* and *social responsibility* as the key priorities for student success in school and in life.

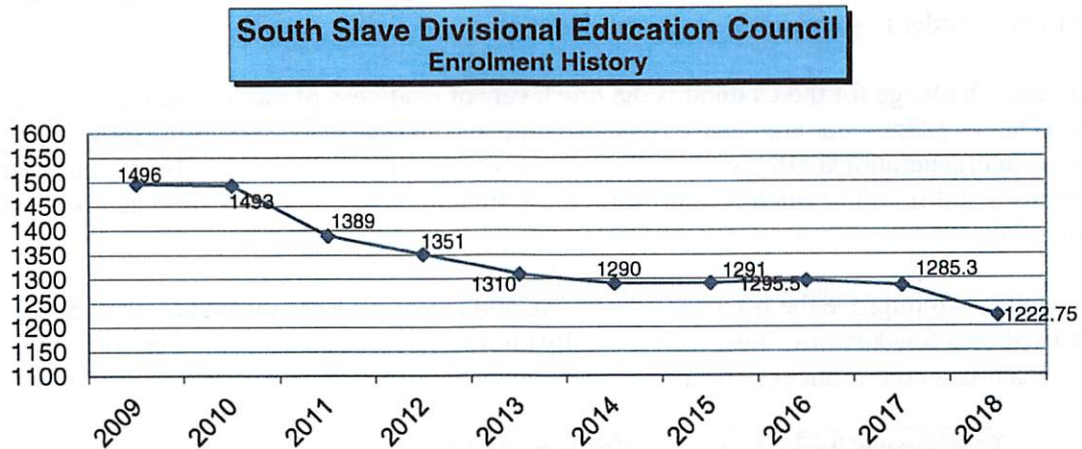
## Operating Environment

The SSDEC receives the financial resources for the entire division on an annual basis, largely through a funding formula established by the *GNWT Department of Education, Culture and Employment (ECE)*. Unfortunately, there are a number of unfunded and underfunded areas in the formula. For example:

- school boards are funded based on prior year teacher salaries yet collective agreement provisions provide annual salary increments to staff which school boards must pay. ECE also underfunds school boards for salaries of long term UNW, Excluded, and Managers.
- ECE confirms that they are underfunding school boards more than \$1 million per year for the hiring of casuals resulting from staff leave provisions in the collective agreements
- several of the funding formula line items are not indexed to keep up with inflation and have not increased in over 15 years (bussing contracts and repairs, for example, have probably more than doubled in that same timeframe)

ECE allocations have decreased over the past several years as well.

Shrinking enrolment has also brought significant challenges over the last several years. South Slave student enrolment is now almost two thirds what it was fifteen years ago (approx. 1200 now vs. over 1800 previously).



Fewer students means less funding and less flexibility for the Council to allocate the resources necessary to continue to fund its priorities and a diversity of program offerings. We seem to have plateaued at around 1200-1300 students for the last few years. Whether this stability continues into the future is an uncertainty that we deal with by allowing schools to maintain staffing surpluses. These surpluses allow schools to smooth out any potential wrinkles caused by sudden drops in enrolment and make for an easier transition to having fewer students going forward.

Finalization of the GNWT's policy on surpluses now provides clarity on what Education Bodies are allowed to retain where none existed before. The new policy encourages and allows a surplus of up to 7% of the last audited figure for overall revenue. This is inclusive of any school and DEA surpluses. The results from the 2018/19 financial audit, inclusive of the revised GNWT



actuarial calculations, unexpectedly leave the SSDEC above the maximum allowable surplus. The planned deficit for 2019/20 will address a portion of that overage.

The SSDEC continues to address the funding challenges by annually reviewing and applying their budget assumptions and priorities:

1. Approve a regional budget each year that prioritizes funding for the Council priorities.
2. Approve a budget each year that maintains an accumulated fund balance of at least \$500,000 after taking into account school staffing surpluses.
3. Ensure fair and equitable distribution of funds to schools and DEAs and minimize conflict between Council reps/DEAs.
4. Provide for significant community-based priority setting and related budgeting.
5. Provide transparency in budget process and allocations, and
6. Consider expenditures against a Council surplus over \$500,000, after taking into account school staffing surpluses, each year.

Each year the SSDEC determines the key priorities as well as the unfunded and underfunded areas that simply can't be overlooked, and budgets for those costs first. Upon notification of resulting allocations, staffing plans are developed by school principals for approval of their respective DEAs and the superintendent (prior to March 15th) so that the majority of teacher staffing for the next year can occur while quality applicants are still available. The SSDEC and schools have also been very successful in identifying, applying for and obtaining third party funding in order to supplement program offerings.

Another challenge for the Council is the low levels of readiness of many young children entering the school system, poor attendance by many students, and disengaged parents, probably related to the intergenerational effects of residential schooling. These varying levels and engagement can make it difficult to catch up and retain these students so that they progress and reach their potential.

In an effort to improve the life chances of more and more children, since 2007 the SSDEC has focused on a few key priorities, with carefully chosen research based strategies, and a long term and relentless commitment to results:

<b>To improve student success in <i>literacy</i></b>	To increase the percentage of students meeting or exceeding expectations for literacy proficiency
<b>To improve student success in <i>numeracy</i></b>	To increase the percentage of students meeting or exceeding expectations for numeracy proficiency
<b>To increase understanding and practice of <i>socially responsible behaviour</i> by all members of the school community</b>	To increase the percentage of trustees, staff and students demonstrating responsible behaviour

Accordingly, Council has remained committed to funding the *Leadership for Literacy* initiative that places and trains experienced teachers in instructional coach roles in their respective schools. These coaches provide training and in-classroom support to other teachers and support staff so

that more students will achieve success in literacy and math, the essential skills required for success in school and in life.

In literacy we saw a modest growth in the percentage of students reading at or above acceptable levels (from 62% to 64%). Each school continued to maintain a full-time Literacy Coach who in turn is supported by our Regional Literacy Coordinator. Our math project progressed into Grade 9 this past year and each school had an identified Math Lead who worked closely with our Regional Coordinator. Overall, the number of students meeting an acceptable standard in math remained constant at 70% (with five schools showing improvement). In the area of Social Responsibility the SSDEC saw an increase in the percentage of students attending 90% of the time (from 37% to 42%).

Much has been accomplished as evidenced by improving student achievement results over the past several years. Further indicative of the SSDEC's success are the various awards received including the three *Ministerial Literacy Awards* for the *SSDEC Literacy Project*, the *Premier's Award of Excellence* for the *Trades Awareness Program* partnership, and then the *Premier's Award for Collaboration* for the *South Slave Healthy Communities Partnership*.

Further, the SSDEC's Leadership for Literacy initiative has been recognized nationally as well, being awarded *Indspire's (aka National Aboriginal Achievement Awards) Indigenous Education Organization Award* in 2016, the *Canadian Education Association (CEA) and Reader's Digest Canadian Innovators in Education Award 2015*, and runner up for the CEA's "*Innovation that Sticks*" *Award and Case Study Program*. This is on the heels of the SSDEC becoming the first school board in Canada to win Gold in the education category of the *Public Sector Leadership Awards*, as selected by the *Institute of Public Administration of Canada (IPAC)* and Deloitte in 2014.

South Slave staff and students are excelling and benefitting accordingly as well. Aside from the recognition of the Council and the impressive recipients of the *SSDEC Excellence in Education Awards*, five of the South Slave school principals have now been selected to the exclusive *National Academy of Canada's Outstanding Principals (The Learning Partnership)*, and the SSDEC Superintendent and former Assistant Superintendent were the first two northern recipients of the *Canadian Superintendent of the Year* award (*Canadian Association of School System Administrators (CASSA) & American Association of School Administrators (AASA)*). Two of the five SSDEC trustees received the *Queen's Diamond Jubilee* medals for exemplary service to their communities. The South Slave DEC also has 9 inductees into the *NWT Education Hall of Fame* with three more being added in 2018/19.

Two of the South Slave's educators have also received *Indspire Indigenous Educator Awards* and another Aboriginal teacher received the *Prime Minister's Award for Teaching Excellence*. These awards are examples of how effective literacy efforts are being encouraged and supported in our Aboriginal language programs in Cree, Slavey and Chipewyan; in addition to English and French. This past year the SSDEC had an Indigenous Language educator receive the *Premier's Award of Excellence* while another received the *NWTTA Indigenous Educator Award*.



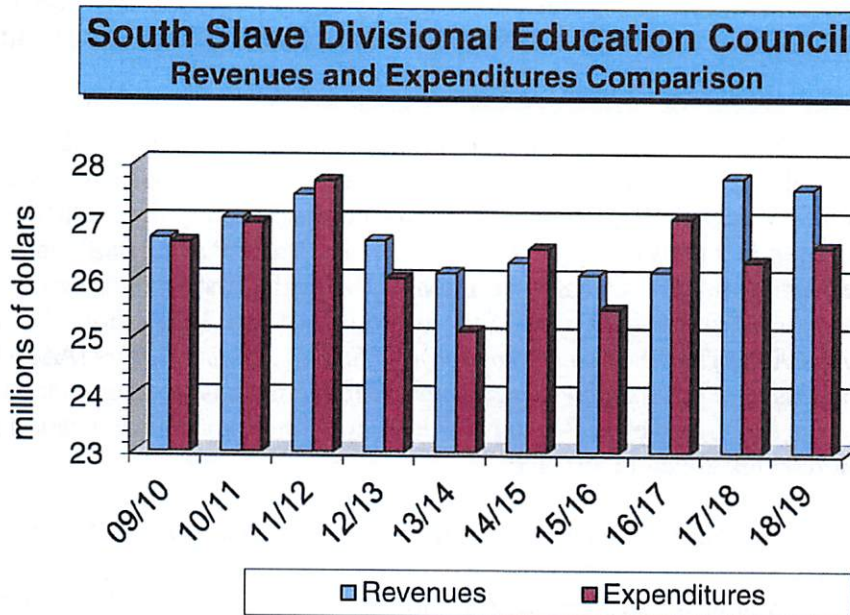
There has also been an increase in staff use of long-term leave requests due to mental health issues. As we are unsure when staff will be able to return to their classrooms, we increasingly find ourselves hiring unqualified substitutes for repeated one and two month periods. This is not only disruptive to classroom routine, but compromises the quality of students' education and is costly for the SSDEC.

Teacher turnover, compounded by the shortage of suitable applicants, means there is a need to engage in more formalized transition planning. Specialist positions are continuing to be difficult to fill, in particular; Indigenous Language teachers, French Immersion and senior Math/Science. We were proactive in finding and funding 3 Indigenous Language interns in 2018/19, with a fourth slated to start in August.

ECE's new *Education Renewal and Innovation* initiative also includes aspects that look to help educate and provide support for mental health and wellness of both staff and students. Recent SSDEC strategies and targets are also intended to improve student attendance, ownership for their learning (inquiry-based, 21<sup>st</sup> century learning), pride and resiliency as part of its academic and social responsibility priorities.

**Financial Condition**

The bar chart below provides a historical comparison of revenues and expenditures over the past ten years.



For the year ended June 30, 2019 the Council had an operating surplus of \$998,146 inclusive of DEA surpluses and deficits. This was higher than the projected deficit of \$914,428 due to a higher than normal adjustment to the Council's employee future benefits liability amount (+\$400,000). Other reasons for the surplus include but are not limited to: slightly higher

(approx. \$150,000) revenue than projected in June, savings resulting from an unexpected influx of Federal funding for Aboriginal Languages (\$100,000), and other expenditures were approx. \$450,000 less than projected in June.

The accumulated uncommitted fund balance for the Council now sits at \$3,445,942 (see chart below) which is \$1,516,653 above the Council's maximum fund balance of \$1,929,289 spelled out in policy DFAA – Financial Surplus. The Council's budget for 2019/20 is a deficit budget of \$850,951 that, if realized, would bring the Council's accumulated fund balance down to \$2,594,991.

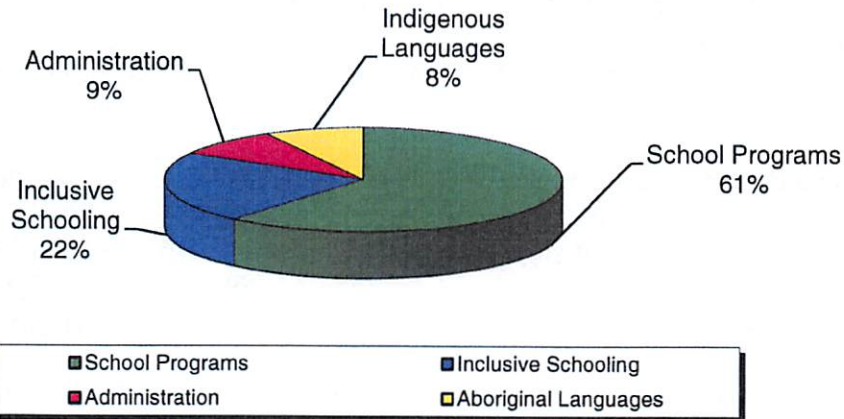
	<u>2019</u>	<u>2018</u>
Accumulated Fund Balance at beginning of year	\$3,344,330	\$1,907,706
Operating Surplus/(Deficit) for year	<u>998,146</u>	<u>1,436,624</u>
Accumulated Fund Balance at end of year	\$4,342,476	\$3,344,330
Commitments against Fund Balance	<u>(896,534)</u>	<u>(1,155,519)</u>
Uncommitted Fund Balance at end of year	<u>\$3,445,942</u>	<u>\$2,188,811</u>

Currently the Council's liquidity position is good but, given the back-end loading of allocations to school boards by ECE, there is still the concern that funds could be short around the end of March. Given that about 86% (see second chart below) of the SSDEC's expenditures are for staffing payroll and benefits, any unanticipated reductions in allocations from ECE, or unexpected expenditures, would be difficult to adjust for until the following school year.

The chart below breaks down the Council's expenditures according to the functions identified. ECE mandates that 15% of the Council's expenditures be in Inclusive Schooling. Inclusive Schooling made up 22% of the Council's expenditures in 2018/19. Funding spent on Indigenous Languages Education is also above what was funded by ECE.

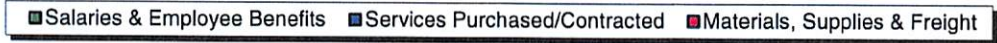
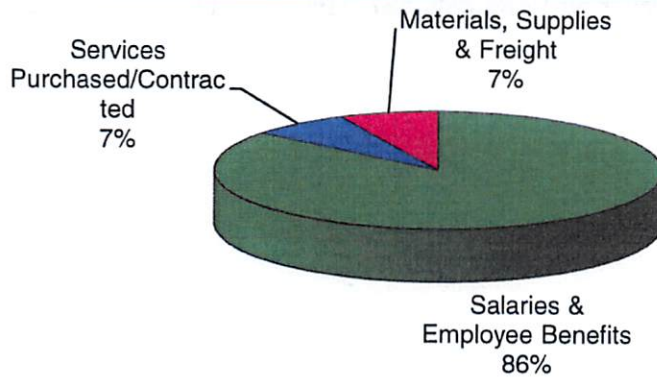
During the 2018/19 year the Council was reimbursed a total of \$509,715 for termination costs related to the 2017/18 fiscal year covering 12 retirements/resignations (10 NWTTA, 2 UNW).

**South Slave Divisional Education Council  
Expenditures by Function  
For the Year Ended June 30, 2019**



The chart below breaks down the Council's expenditures into three main categories: Salaries and Employee Benefits, Materials/Supplies and Freight and Purchased/Contracted Services.

**South Slave Divisional Education Council  
Details of Expenditures  
For the Year Ended June 30, 2019**





## **Summary and Outlook**

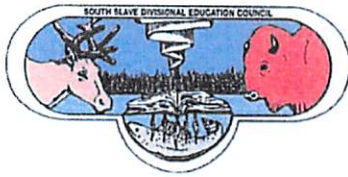
In summary, the SSDEC is currently in a positive financial position although, due to the inclusion of school and DEA surpluses in the calculation, we are currently above the maximum surplus allowed under the new GNWT policy as detailed earlier. Our deficit budget for 2019/20 was planned to address much of that excess.

It should also be noted that in the last two years our surplus has increased by almost \$1 million due to a reduction in the Council's post-employment benefits liability (a number provided by the GNWT in July, after our fiscal year spending is complete, and after our next year budget and staffing has been finalized as well). This reduction is not a result of operations and artificially increases our surplus without adding anything to our cash balances. It is expected that this will be taken into consideration when applying the GNWT's surplus policy to Education Bodies.

Staffing continues to be an on-going concern and we anticipate this to continue in the short-term. Teacher shortages elsewhere in Canada have made it difficult to hire teaching staff currently. This phenomenon affects not only the SSDEC but all Education Bodies across the NWT, and most southern jurisdictions as well.

We are also seeing an increase in the number of students entering the system with complex needs and vulnerabilities at the same time our core Inclusive Schooling funding has decreased. Our schools have been proactive in applying for and receiving over \$1 million in additional support funding through the Jordan's Principle initiative. It is hoped that initiatives like Jordan's Principle will continue to provide supplemental funding for psychological testing for students and increased supports in the classroom that will help address some of the causes and impacts of mental health issues in students, including attendance and behavioural issues.

Council is concerned that the significant progress that has been made in the South Slave in the past several years could be undone with any further efforts to reduce local input and centralize, combined with any further reductions in allocations, compounded by existing unfunded and underfunded expenses (salary increments, casual costs, etc.) and cost increases (several formula funding lines not indexed to keep up with inflation), resulting in a decrease in the quality and quantity of education programs and services that can be offered.



# Creating Futures

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Minister of Education, Culture and Employment  
Government of the Northwest Territories

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of South Slave Divisional Education Council have been conducted within the statutory powers of the South Slave Divisional Education Council. The operations and administration of the South Slave Divisional Education Council as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the South Slave Divisional Education Council Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors, Avery, Cooper & Co. Ltd., Chartered Professional Accountants, annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

Approved and confirmed on behalf of the South Slave Divisional Education Council

Dr. Curtis Brown  
Superintendent

Jamie Watts CPA, CMA  
Comptroller

August 2, 2019



**VERY COOPER & CO. LTD.**  
Chartered Professional Accountants

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**INDEPENDENT AUDITORS' REPORT**

To the Minister of Education, Culture and Employment  
Government of the Northwest Territories

*Report on the Audit of the Consolidated Financial Statements*

*Qualified Opinion*

We have audited the accompanying consolidated financial statements of South Slave Divisional Education Council which comprise the Consolidated Statement of Financial Position as at June 30, 2019 and the Consolidated Statements of Changes in Net Financial Assets (Debt), Statement of Operations and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the South Slave Divisional Education Council as at June 30, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Qualified Opinion**

Salaries and related benefits paid to employees of the South Slave Divisional Education Council 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 expenditures and related balances. Accordingly we are not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources and accumulated surplus/deficit as well as note disclosures associated with transactions and year-end balances relating to compensation and benefits.

*Other matter*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of South Slave Divisional Education Council taken as a whole. The supplementary information included on various schedules is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

*Other Information*

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and 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.

## INDEPENDENT AUDITORS' REPORT - cont'd.

We obtained the management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 these financial statements in accordance with Canadian public sector accounting standards and the 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.

Those charged with governance are responsible for overseeing the '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 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 '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 '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 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.

**INDEPENDENT AUDITORS' REPORT - cont'd.**

*Report on Other Legal and Regulatory Requirements*

We further report, in accordance with the Education Act's requirement for the Education Authority to comply with the Financial Administration Act, in our opinion, proper books of account have been kept by the South Slave Divisional Education Council, the consolidated financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Council.

*Avery Cooper & Co. Ltd.*

**AVERY COOPER & CO. LTD.**  
Chartered Professional Accountants  
Yellowknife, NT

**August 2, 2019**



**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents (Note 4)	\$10,588,171	\$7,815,425
Trust Assets (Note 18)	77,852	80,030
Due from the GNWT (Note 8)	171,677	101,157
Due from the Government of Canada (Note 13)	21,218	0
Other Accounts Receivable (Note 8)	169,284	120,362
	<hr/>	<hr/>
<b>Total Financial Assets</b>	<b>\$11,028,201</b>	<b>\$8,116,974</b>
<b><u>Liabilities</u></b>		
Bank Indebtedness	\$22,612	\$0
Accounts Payable and Accrued Liabilities (Note 10)	43,067	89,132
Trust Liabilities (Note 18)	77,852	80,030
Due to the GNWT (Note 10)	(\$13,510)	24,313
Payroll Liabilities (Note 10)	2,939,618	989,548
Deferred Revenue (Note 11)	593,587	28,550
Post-Employment Benefits (Note 17)	3,023,696	3,561,071
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$6,686,921</b>	<b>\$4,772,644</b>
<b>Net Financial Resources</b>	<b>\$4,341,279</b>	<b>\$3,344,330</b>
<b><u>Non-Financial Assets</u></b>		
Prepaid Expenses (Note 20)	\$0	\$0
	<hr/>	<hr/>
<b>Accumulated Fund Balance</b>	<b>\$4,341,279</b>	<b>\$3,344,330</b>
<b>Represented By:</b>		
Operating Fund Balance	\$3,149,054	\$1,724,226
DEA Fund Balances	\$295,690	\$464,585
School Staffing Surpluses (Note 35)	\$896,534	\$1,155,519
	<hr/>	<hr/>
<b>Accumulated Fund Balance</b>	<b>\$4,341,279</b>	<b>\$3,344,330</b>

Approved:

  
Chairperson

  
Comptroller

See attached notes and schedules.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
For the Year Ended June 30, 2019**

	<b>Unaudited 2019 Budget</b>	<b>2019</b>	<b>2018</b>
Operating Surplus/(Deficit) (Statement III)	(\$452,714)	\$998,146	\$1,436,624
Prior Year Adjustments	<u>                    </u>	<u>(1,197)</u>	<u>0</u>
<b>Increase/(Decrease) in Net Financial Resources</b>	<b>(\$452,714)</b>	<b>\$996,949</b>	<b>\$1,436,624</b>
Opening Net Financial Resources	<u>3,344,330</u>	<u>3,344,330</u>	<u>1,907,706</u>
Closing Net Financial Resources	<u><u>\$2,891,616</u></u>	<u><u>\$4,341,279</u></u>	<u><u>\$3,344,330</u></u>

See attached notes and schedules.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
CONSOLIDATED STATEMENT OF OPERATIONS  
For the Year Ended June 30, 2019**

	(Note 25) (unaudited) <u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
ECE Regular Contributions	\$24,779,493	\$25,510,428	\$25,654,495
Other ECE Contributions	368,000	822,725	1,260,954
<b>Total ECE Contributions</b>	<u>\$25,147,493</u>	<u>\$26,333,153</u>	<u>\$26,915,449</u>
Other GNWT Contributions	\$688,597	\$199,174	\$294,152
<b>Total GNWT Contributions</b>	<u>\$25,836,090</u>	<u>\$26,532,328</u>	<u>\$27,209,601</u>
<b>Other Education Bodies</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Government of Canada</b>			
Jordan's Principle	\$0	\$409,384	\$0
Other Government of Canada	0	0	0
<b>Total Government of Canada</b>	<u>\$0</u>	<u>\$409,384</u>	<u>\$0</u>
<b>Generated Funds</b>			
Investment Income	\$80,400	\$167,464	\$101,338
Non-GNWT Contributions	0	81,176	123,314
Donations	0	48,615	81,343
Other	65,501	322,298	232,820
<b>Total Generated Funds</b>	<u>\$145,901</u>	<u>\$619,555</u>	<u>\$538,816</u>
<b>Total Revenues</b>	<u>\$25,981,991</u>	<u>\$27,561,266</u>	<u>\$27,748,416</u>
<b><u>EXPENSES (Schedule 1)</u></b>			
Administration	\$2,494,933	\$2,293,716	\$2,289,524
School Programs	16,349,521	16,266,063	16,539,072
Inclusive Schooling	5,187,743	5,848,196	5,140,291
Indigenous Language and Education	2,045,967	2,155,145	2,342,905
<b>Total Expenses</b>	<u>\$26,078,164</u>	<u>\$26,563,121</u>	<u>\$26,311,792</u>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<u>(\$96,173)</u>	<u>\$998,146</u>	<u>\$1,436,624</u>
<b>Opening Fund Balance</b>		<u>3,344,330</u>	<u>1,907,706</u>
<b>Closing Fund Balance</b>		<u>\$4,342,476</u>	<u>\$3,344,330</u>

See attached notes and schedules.



**Statement IV**

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
CONSOLIDATED STATEMENT OF CASH FLOW  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Cash Provided By (Used In):</b>		
Operating Surplus/(Deficit)	\$998,146	\$1,436,624
<b>Changes in Non-cash Assets and Liabilities</b>		
Decrease (increase) due from Government of Canada	(\$21,218)	\$1,574
Decrease (increase) in accounts receivable	(119,442)	79,923
Increase (decrease) in acc. payroll/emp. deductions	1,950,070	(\$150,125)
Increase (decrease) in accounts payable	(83,888)	46,955
Increase (decrease) in trust liability	(2,178)	0
Increase (decrease) in deferred revenue	565,037	21,483
Increase (decrease) in post-employment benefits	-537,375	(\$402,793)
Decrease (increase) in prepaid expenses	<u>0</u>	<u>0</u>
Cash Provided by (Used In) Operating Transactions	<u>\$2,749,152</u>	<u>\$1,033,641</u>
Increase/(Decrease) in Cash and Cash Equivalents	<u>\$2,749,152</u>	<u>\$1,033,641</u>
Cash and Cash Equivalents at Beginning of Year	\$7,895,455	\$6,861,814
Cash and Cash Equivalents at End of Year *	<u><u>\$10,643,411</u></u>	<u><u>\$7,895,455</u></u>

\* Cash and cash equivalents are represented by cash and short-term investments.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**Note 1. Nature of the Organization**

The Council was formerly known as the South Slave Divisional Board of Education. With the adoption of the new Education Act, its legal name is now the South Slave Divisional Education Council (Council).

The Council was established under the Education Act of the Government of the Northwest Territories by order of the Minister of Education dated July 1, 1991. Its purpose is to administer and maintain standards of educational programs defined under the Act in the member communities of the South Slave region.

Consequently, the Council is economically dependent upon funding from the Department of Education, Culture and Employment of the GNWT. Member communities have formed local District Education Authorities (DEA) which have assumed the responsibility of providing sufficient educational programs within their respective communities.

**Note 2. Significant Accounting Policies**

**a) Basis of Accounting**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

**b) Cash and Cash Equivalents**

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

**c) 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 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.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

Financial assets subsequently measured at amortized costs include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

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 or 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.

**d) Non-Financial Assets**

Prepaid expenses and other non-financial assets are accounted for as assets by the Council because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Council.

**e) Tangible Capital Assets**

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Authority the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**f) Revenue Recognition**

**Government Transfers:**

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

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

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

**GNWT – Regular Contributions:**

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The council retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided for by the formula, must first be approved by the GNWT.

**Other Contributions:**

The Council follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

**Deferred Revenue:**

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenses are incurred.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**Investment income:**

Investment income is recognized when received or receivable, if the amount can be reasonable estimated.

**Special Purpose Funds:**

School activity funds which are fully controlled by the Council with respect to when and how the funds available can be disbursed are included in these financial statements. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising and/or contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Council are not included in these financial statements even if custody of the funds is held by the Council. Examples might include student clubs or associations for which the Council has no on-going responsibility or liability for losses.

**g) Budget Data**

The *Education Act* of the NWT requires that the Council prepare an annual budget, as outlined in Sections 128 and 129.

The priorities and funding allocations are determined by the Council and the budget is then legally adopted by a motion of the Council in accordance with Section 135(3) of the *Education Act*.

Council approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by sections 117(2)(k), (l) and (m) of the *Education Act*.

The annual budget includes estimates of revenues, expenditures and the net operating surplus/(deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Council.

The budget may be amended within a given fiscal year in accordance with Council policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**h) Measurement Uncertainty**

The preparation of these consolidated 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**i) Inventories Including Materials and Supplies**

Inventories of books, materials, supplies and other expendables purchased by the Council are treated as expenditures during the year of acquisition and are not being recorded on the statement of financial position.

**j) Payroll Liabilities**

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30<sup>th</sup> of each year which provides for continued payment during the summer. GNWT payroll for NWTTA staff starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31 (usually 26). The pay periods that fall within the month of July therefore have to be accrued.

The duties and compensation base for UNW school year employees are scheduled to align with the academic year although the actual start dates and durations vary by specific location and job function. Accordingly, the Council determines the start dates of their UNW employees and accrues the related payroll liability as necessary

All other staff salaries are accrued to include earnings to June 30<sup>th</sup>.

**k) Post-Employment Benefits, Compensated Absences and Termination Benefits**

Under the terms and conditions of employment, Council 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 lay-off. Compensated absences

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave is 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 parental and maternity leave) has been prepared using data provided by the GNWT and assumptions based on management's best estimates.

**l) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include grants and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**Note 3. Future Accounting Changes**

- a) Student Activity/Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

**Note 4. Cash and Cash Equivalents**

	<u>2019</u>	<u>2018</u>
Cash	\$10,588,171	\$7,815,425
Trust Assets	77,852	80,030
Bank Indebtedness	<u>(22,612)</u>	<u>0</u>
Total	<u>\$10,643,411</u>	<u>\$7,895,455</u>

**Note 5. Special Purpose Funds**

Nothing to report.

**Note 6. Restricted Assets**

Nothing to report.

**Note 7. Portfolio Investments**

Security	June 30 balance	Interest for year	March 31 balance	Date Purchased	Term	Maturity	Interest Rate
T-Bill (FR)	\$18,166.98	\$238.83	\$18,124.49	Unknown	n/a	n/a	n/a
GIC (FS)	\$177,276.77	\$897.53	\$177,276.77	2019/04/22	1 yr.	2020/04/20	2.7%
GIC (KFN)	\$5877.66	\$2.93	\$5,877.66	2019/06/27	2 mos. 30 days	2019/09/26	0.05%

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**Note 8. Accounts Receivable**

	<u>2019 Net</u>	<u>2018 Net</u>
GNWT – Finance	\$ 20,605	\$ 11,950
GNWT – MACA	20,000	0
Aurora College	9,849	4,410
GNWT – ITI	30,000	0
GNWT – ECE	<u>91,223</u>	<u>84,797</u>
Total due from GNWT	\$171,677	\$101,157
Due from Government of Canada	21,218	0
Other	<u>169,284</u>	<u>120,362</u>
Total Receivables	<u>\$362,179</u>	<u>\$221,519</u>

**Note 9. Inventories**

Not applicable.

**Note 10. Accounts Payable and Accrued Liabilities**

	<u>2019</u>	<u>2018</u>
Deninu School	\$ 5,000	\$ 0
Diamond Jenness	1,703	0
Joseph Burr Tyrrell	1,500	0
Paul William Kaeser	1,425	0
GNWT – Dept of Finance	0	972
GNWT – Dept. of Education, Culture & Employment	0	23,341
<b><u>Payroll Liabilities</u></b>		
To GNWT (Finance)	\$2,858,916	989,548
Government of Canada	1,329	0
Annual/Lieu	56,235	0
WSSC	<u>0</u>	<u>0</u>
Total Due to GNWT	\$2,926,108	\$1,013,861
Other	<u>29,478</u>	<u>89,132</u>
Total Accounts Payable	<u>\$2,955,586</u>	<u>\$1,102,993</u>

**Note 11. Deferred Revenue**

	<u>2019</u>	<u>2018</u>
Self-Regulation resources (from ECE)	\$ 0	\$ 1,278
Child/Youth Resiliency – Chief Sunrise (MACA)	0	13,636
Child/Youth Resiliency - Deninu (MACA)	0	13,636
Take a Kid Gardening - K'atlodeeche (ITI)	3,512	0
Take a Kid Gardening – Lutsel K'e (ITI)	4,750	0
Library Funding – Deninu (ECE)	<u>2,397</u>	<u>0</u>
Total GNWT	\$ 10,659	\$ 28,550
Jordan's Principle	<u>582,928</u>	<u>0</u>
Total Deferred Revenue	<u>\$ 593,587</u>	<u>\$ 28,550</u>



SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**Note 12. Contribution Repayable**

Nothing to report.

**Note 13. Due To/From the Government of Canada**

Due from the Gov't of Canada – Jordan's Principle (Lutsel K'e) - \$21,218

**14. Capital Lease Obligations**

Nothing to report.

**15. Pensions**

Nothing to report.

**16. Long-term Debt**

Nothing to report

**17. Post-Employment Benefits, Compensated Absences and Termination Benefits**

In addition to pension benefits the Council provides severance (resignation and retirement), removal and compensated absences (sick, special, parental and maternity 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 Council employees based on the type of termination (resignation vs. 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.

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

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**Valuation result**

The actuarial valuation was completed as at March 31, 2019. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2018 and the results extrapolated the June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	<b>Severance and Removal \$</b>	<b>Compensated Absences \$</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>Changes in Obligation</b>				
Accrued benefit obligations at beginning of year	\$1,657,351	\$476,628	\$2,133,979	\$2,457,242
Current period benefit cost	\$87,594	\$30,005	\$117,599	\$119,936
Interest accrued	\$60,106	\$17,669	\$77,774	\$77,305
Benefits payments	(\$470,564)	(\$45,734)	(\$516,298)	(\$398,797)
Plan amendments	\$0	\$0	\$0	\$0
Actuarial (gains)/losses	\$459,646	\$29,112	\$488,759	(\$121,707)
<b>Accrued benefit obligations at end of year</b>	<b>\$1,794,133</b>	<b>\$507,680</b>	<b>\$2,301,813</b>	<b>\$2,133,979</b>
Surplus/(deficit) at end of year	(\$1,794,133)	(\$507,680)	(\$2,301,813)	(\$2,457,242)
Unamortized net actuarial (gain)/loss	(\$779,156)	\$57,274	(\$721,883)	(\$1,506,621)
<b>Net future obligation</b>	<b>(\$2,573,289)</b>	<b>(\$450,406)</b>	<b>(\$3,023,696)</b>	<b>(\$3,963,864)</b>
Other employee future benefits	\$0	\$0	\$0	\$0
Other compensated absences	\$0	\$0	\$0	\$0
<b>Total employee future benefits and compensated absences</b>	<b>(\$3,110,968)</b>	<b>(\$450,102)</b>	<b>(\$3,561,071)</b>	<b>(\$3,561,071)</b>
<b>Benefits Expense</b>				
Current period benefit cost	\$87,594	\$30,005	\$117,599	\$119,936
Interest accrued	\$60,106	\$17,669	\$77,774	\$77,305
Plan amendments	\$0	\$0	\$0	\$0
Amortization of actuarial gains	(\$214,815)	(\$1,636)	(\$216,450)	(\$201,237)
<b>Total Expense</b>	<b>(\$67,115)</b>	<b>\$46,038</b>	<b>(\$21,077)</b>	<b>(\$3,996)</b>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

The discount rate used to determine the accrued benefit obligation is an average of 3.20%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	<b>Severance &amp; Removal \$</b>	<b>Compensated Absences \$</b>	<b>Total \$</b>
2020	\$303,597	\$74,394	\$377,991
2021	\$244,467	\$63,578	\$308,045
2022	\$218,438	\$57,746	\$276,184
2023	\$189,095	\$52,675	\$241,770
2024	\$150,129	\$47,609	\$197,738
	<b>\$1,105,726</b>	<b>\$296,002</b>	<b>\$1,401,728</b>

**18. Trust Assets Under Administration**

	<u>2019</u>	<u>2018</u>
Andrew John Piche Scholarship Fund	\$77,852	\$80,030

**19. Tangible Capital Assets**

Nothing to report.

**20. Prepaid Expenses**

Nothing to report.

**21. GNWT Assests Provided at no Cost.**

	<u>Cost</u>	<u>Acc. Amort.</u>	<u>2019 NBV</u>	<u>2018 NBV</u>
Joseph Burr Tyrrell School	\$9,505,610	\$5,318,742	\$4,186,868	\$4,399,171
Paul William Kaeser School	\$8,070,058	\$5,412,736	\$2,657,321	\$2,512,580
Deninu School	\$5,197,266	\$5,197,266	\$0	\$0
Lutsel K'e Dene School	\$16,791,305	\$2,172,080	\$14,619,225	\$393,913
Princess Alexandra School	\$7,672,236	\$5,510,319	\$2,161,916	\$2,439,207
Diamond Jenness School	\$34,298,324	\$12,830,441	\$21,467,884	\$22,741,016
Harry Camsell School	\$6,615,080	\$4,335,343	\$2,279,737	\$2,452,389

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

Chief Sunrise Education Ctr.	\$2,444,710	\$1,175,093	\$1,269,617	\$1,342,389
DJSS Trades Building	\$2,423,804	\$526,898	\$1,896,906	\$1,957,446
PWK High School Seacan	\$687,229	\$377,976	\$309,253	\$355,069
PWK Welding Shop	\$389,368	\$45,426	\$343,942	\$353,676
	\$93,094,990	\$42,902,320	\$51,192,670	\$39,367,238

**22. Contractual Obligations**

	2020	2021	2022	2023	2024	Total
<u>Equipment</u>						
Xerox WC7845i	\$5,874	\$5,784				\$11,568
Pitney Bowes	\$1,592	\$1,592	\$1,592	\$272		\$5,048
Altalink B8065	\$2,453	\$2,453	\$2,453	\$1,227		\$8,586
<u>Commercial Lease</u>						
Fort Smith Constr.	\$163,615	\$163,615	\$163,615	\$163,615	\$54,538	\$708,999
Total	\$173,444	\$173,444	\$167,660	\$165,114	\$54,538	\$734,201

**23. Contingencies**

Nothing to report.

**24. Related Parties and Inter-Entity Transactions**

The Council is related, in terms of common ownership, to all GNWT created departments, agencies and corporations. The Council enters into transactions with these entities in the normal course of business. The Council is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note.

**Accounts Payable**

	<u>2019</u>	<u>2018</u>
Dept. of Finance	\$2,858,916	\$ 989,548

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2019

Dept. of Education, Culture and Employment	0	23,341
Dept. of Finance	0	972
Deninu School	5,000	0
Diamond Jenness Secondary School	1,703	0
Joseph Burr Tyrrell School	1,500	0
Paul William Kaeser School	1,425	0
 <b><u>Accounts Receivable</u></b>		
Fort Smith DEA	\$ 21,602	0
Princess Alexandra School	156	0
Joseph Burr Tyrrell School	2,249	0
Dept. of Finance	20,605	11,950
Dept. of ITI	30,000	0
Dept. of Education, Culture and Employment	91,223	84,797
Dept. of MACA	20,000	0
Aurora College	9,849	4,410

**25. Budget Data**

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties of Education Body. The budget is legally adopted by a motion of the Council which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation of the Education Act.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Council.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on September 13, 2018 and have not been audited.

**26. Economic Dependence**

The South Slave Divisional Education Council receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the South Slave Divisional Education Council's operations would be significantly affected.

**27. Financial Instruments**

The Council's carrying value of cash, accounts receivable, due from the GNWT, accounts payable and accrued liabilities, due to the GNWT, accrued salaries and the trust

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

liability approximate fair value due to the immediate and short-term maturity of these instruments.

The Council's carrying value of the accrued leave and termination benefits approximates fair value due to the information readily available in the NWTTA, UNW and Senior Manager's Handbook.

It is management's opinion that the Council is not exposed to significant interest rate, currency, market, credit, liquidity or cash flow risks arising from these financial instruments and that there are no significant concentrations of such risk.

**28. Expenses by Object**

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Compensation	\$22,813,609	\$22,721,942	\$22,494,778
Other	<u>3,144,598</u>	<u>3,841,189</u>	<u>3,817,015</u>
Total	<u>\$25,958,207</u>	<u>\$26,563,131</u>	<u>\$26,311,792</u>

**29. Subsequent Events**

Nothing to report.

**30. Comparative Figures**

Nothing to report.

**31. ECE Other Contributions**

Self-Regulations Resources	\$	8,278
Career Coordinator		148,986
Northern Distance Learning		35,091
TLC Funding		132,000
French (FSL) Funding		288,000
Trades Awareness		53,199
Post-Intensive French		58,800
Lunch meeting re: school reno in Lutsel K'e		750
Health and Wellness Curriculum		25,970
Career Counselling Review		40,020
French Monitor Assistance		2,011
 K'atlodeeche Dictionary Project (repayment)		 (2,983)
Library Funding		<u>32,603</u>
Total	<u>\$</u>	<u>822,725</u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NOTES TO THE CONSOLIDATED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

**32. GNWT Other Contributions**

<u>Health &amp; Social Services</u>	
Drop the Pop	\$ 15,909
Spirit Novel re-print	5,580
<u>Energy &amp; Natural Resources</u>	
Take a Kid Trapping	39,190
<u>Municipal &amp; Community Affairs</u>	
Youth Corps	20,000
Child/Youth Resiliency	40,908
Active After School	46,800
Regional Youth Sports	2,250
<u>Industry, Tourism &amp; Investment</u>	
Forestry Program	2,861
Take A Kid Gardening	788
<u>Finance</u>	
Tech Intern	<u>24,889</u>
Total	<u>\$199,174</u>

**33. Contingent Assets**

Nothing to report.

**34. Contractual Rights**

Nothing to report.

**35. Commitments Against Surplus**

The Council currently has approved commitments against its surplus of \$896,534 consisting mainly of school staffing surpluses as detailed in Schedule 28 to the financial statements.

## Schedule 1

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
CONSOLIDATED SCHEDULE OF EXPENSES  
For the Year Ended June 30, 2019**

	<b>School Programs</b>	<b>Inclusive Schooling</b>	<b>Admin.</b>	<b>Indigenous Language</b>	<b>Fiscal &amp; Transfers</b>	<b>Total</b>
<b>Salaries</b>						
Teachers	\$12,749,717	\$2,167,328	\$0	\$1,123,812	\$0	\$16,040,856
Instruction Assistants	\$0	\$2,625,354	\$0	\$281,151	\$0	\$2,906,505
Non-Instructional Staff	\$1,661,051	\$341,207	\$1,448,590	\$75,898	\$0	\$3,526,746
Board/Trustee Honoraria	\$1,720	\$0	\$40,347	\$15,430	\$0	\$57,497
<b>Employee Benefits</b>						
Employee Benefits/Allowances	\$158,811	\$66,583	\$10,613	\$21,307	\$0	\$257,315
Leave & Termination Benefits	-\$237,930	\$121,943	\$9,988	\$39,022	\$0	-\$66,977
<b>Services Purchased/Contracted</b>						
Professional/Technical Services	\$218,665	\$79,690	\$39,035	\$9,142	\$0	\$346,532
Postage/Communication	\$52,055	\$0	\$44,057	\$73	\$0	\$96,186
Utilities	\$2,200	\$0	\$90	\$0	\$0	\$2,290
Travel	\$135,579	\$146,978	\$94,806	\$90,891	\$0	\$468,253
Student Travel	\$29,454	\$0	\$0	\$0	\$0	\$29,454
Advertising/Printing/Publishing	\$4,182	\$3,635	\$11,306	\$46,294	\$0	\$65,417
Maintenance/Repair	\$13,058	\$1,166	\$70,583	\$3,570	\$0	\$88,377
Rentals/Leases	\$79,268	\$2,191	\$187,450	\$4,368	\$0	\$273,277
Contracted Services	\$385,815	\$32,394	\$17,895	\$119,981	\$0	\$556,084
<b>Materials/Supplies/Freight</b>						
Materials	\$984,469	\$251,490	\$317,915	\$321,524	\$0	\$1,875,399
Freight	\$21,909	\$8,237	\$7,081	\$2,683	\$0	\$39,910
<b>Total</b>	<b>\$16,260,023</b>	<b>\$5,848,196</b>	<b>\$2,299,757</b>	<b>\$2,155,145</b>	<b>\$0</b>	<b>\$26,563,121</b>



**FORT SMITH DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at June 30, 2019

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents	\$78,903	\$86,187
Cash Held in Trust	77,852	80,030
Other Accounts Receivable (net)	<u>0</u>	<u>24,020</u>
<b>Total Financial Assets</b>	<b><u>\$156,755</u></b>	<b><u>\$190,237</u></b>
<b><u>Liabilities</u></b>		
Accounts Payable & Accrued Liabilities	(\$3)	(\$152)
Trust Liability	<u>77,852</u>	<u>80,030</u>
<b>Total Liabilities</b>	<b><u>\$77,849</u></b>	<b><u>\$79,878</u></b>
<b>Net Financial Resources</b>	<b><u>\$78,906</u></b>	<b><u>\$110,359</u></b>
<b>Fund Balance</b>	<b><u><u>\$78,906</u></u></b>	<b><u><u>\$110,359</u></u></b>

**FORT SMITH DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2019

	<b>2019 Budget (unaudited)</b>	<b><u>2019 Actual</u></b>	<b><u>2018 Actual</u></b>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
ECE Regular Contributions	\$543,776	\$543,776	\$581,931
Other ECE Contributions	0	47,699	139,679
<b>Total ECE Contributions</b>	<u>\$543,776</u>	<u>\$591,475</u>	<u>\$721,610</u>
Other GNWT Contributions	\$0	\$36,000	\$25,722
<b>Total GNWT Contributions</b>	<u>\$543,776</u>	<u>\$627,475</u>	<u>\$747,332</u>
<b>Government of Canada Contributions</b>			
Jordan's Principle	\$0	\$0	\$0
Other Government of Canada	0	0	0
<b>Total Government of Canada Contributions</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Generated Funds</b>			
Investment Income	\$400	\$898	\$548
Other	48,000	127,287	106,141
<b>Total Generated Funds</b>	<u>\$48,400</u>	<u>\$128,184</u>	<u>\$106,690</u>
<b>Total Revenues</b>	<u>\$592,176</u>	<u>\$755,659</u>	<u>\$854,022</u>
<b><u>EXPENSES (Schedule 4)</u></b>			
Administration	\$69,600	\$114,205	\$116,730
School Programs	406,475	486,620	623,211
Inclusive Schooling	33,460	50,497	52,197
Indigenous Language and Education	100,166	134,593	118,582
<b>Total Expenses</b>	<u>\$609,701</u>	<u>\$785,914</u>	<u>\$910,720</u>
<b>Operating Surplisu/(Deficit)</b>	<u>(\$17,525)</u>	<u>(\$30,255)</u>	<u>(\$56,698)</u>
<b>Fund Balance at beginning of year</b>		110,359	167,057
<b>Prior Period Adjustment</b>		<u>(\$1,198)</u>	<u>0</u>
<b>Fund Balance at end of year</b>		<u>\$78,906</u>	<u>\$110,359</u>

**FORT SMITH DISTRICT EDUCATION AUTHORITY  
SCHEDULE OF EXPENSES  
For the Year Ended June 30, 2019**

School Programs	Inclusive Schooling	Admin.	Indigenous Language	Fiscal & Transfers	Total
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**Salaries**

Teachers	\$2,249				\$2,249
Instruction Assistants					\$0
Non-Instructional Staff		\$76,846			\$76,846
Board/Trustee Honoraria					\$0

**Employee Benefits**

Employee Benefits/Allowances					\$0
Leave & Termination Benefits					\$0

**Services Purchased/Contracted**

Professional/Technical Services					\$0
Postage/Communication	\$27,875		\$3,097		\$30,972
Utilities					\$0
Travel					\$0
Student Travel					\$0
Advertising/Printing/Publishing					\$0
Maintenance/Repair	\$4,719				\$4,719
Rentals/Leases	\$16,495		\$1,833		\$18,328
Contracted Services	\$88,994				\$88,994

**Materials/Supplies/Freight**

Materials	\$346,288	\$50,497	\$32,429	\$134,593	\$563,807
Freight					\$0

<b>Total</b>	<b>\$486,620</b>	<b>\$50,497</b>	<b>\$114,205</b>	<b>\$134,593</b>	<b>\$0</b>	<b>\$785,914</b>
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**HAY RIVER DISTRICT EDUCATION AUTHORITY  
STATEMENT OF FINANCIAL POSITION  
as at June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents	\$663,048	\$135,605
Due from the GNWT	0	0
Other Accounts Receivable (net)	<u>22,037</u>	<u>6,331</u>
<b>Total Financial Assets</b>	<b><u>\$685,085</u></b>	<b><u>\$141,936</u></b>
<b><u>Liabilities</u></b>		
Accounts Payable & Accrued Liabilities	\$6,137	\$2,459
Deferred Revenue	<u>\$519,837</u>	<u>\$2,459</u>
<b>Total Liabilities</b>	<b><u>\$525,974</u></b>	<b><u>\$2,459</u></b>
<b>Net Financial Resources</b>	<b><u>\$159,111</u></b>	<b><u>\$139,477</u></b>
<b>Fund Balance</b>	<b><u><u>\$159,111</u></u></b>	<b><u><u>\$139,477</u></u></b>

**HAY RIVER DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2019

	<u>2019 Budget</u> <u>(unaudited)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
ECE Regular Contributions	\$645,673	\$645,673	\$615,915
Other ECE Contributions	0	247,432	134,215
<b>Total ECE Contributions</b>	<u>\$645,673</u>	<u>\$893,105</u>	<u>\$750,130</u>
Other GNWT Contributions	\$0	\$18,051	\$92,501
<b>Total GNWT Contributions</b>	<u>\$645,673</u>	<u>\$911,156</u>	<u>\$842,631</u>
<b>Government of Canada Contributions</b>			
Jordan's Principle	\$0	\$208,207	\$0
Other Government of Canada	0	0	0
<b>Total Government of Canada Contributions</b>	<u>\$0</u>	<u>\$208,207</u>	<u>\$0</u>
<b>Generated Funds</b>			
Investment Income	\$0	\$458	\$502
Other	17,501	72,261	29,450
<b>Total Generated Funds</b>	<u>\$17,501</u>	<u>\$72,719</u>	<u>\$29,952</u>
<b>Total Revenues</b>	<u>\$663,174</u>	<u>\$1,192,082</u>	<u>\$872,583</u>
<b><u>EXPENSES (Schedule 7)</u></b>			
Administration	\$120,476	\$121,694	\$149,061
School Programs	380,797	673,716	703,449
Inclusive Schooling	45,230	269,543	0
Indigenous Language and Education	116,671	107,495	79,968
<b>Total Expenses</b>	<u>\$663,174</u>	<u>\$1,172,448</u>	<u>\$932,478</u>
<b>Operating Surplus/(Deficit)</b>	<u>\$0</u>	<u>\$19,634</u>	<u>(\$59,895)</u>
<b>Fund Balance at beginning of year</b>		<u>139,477</u>	<u>199,372</u>
<b>Fund Balance at end of year</b>		<u>\$159,111</u>	<u>\$139,477</u>

Schedule 7

HAY RIVER DISTRICT EDUCATION AUTHORITY  
 SCHEDULE OF EXPENSES  
 For the Year Ended June 30, 2019

School Programs	Inclusive Schooling	Admin.	Indigenous Language	Fiscal & Transfers	Total
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**Salaries**

Teachers					\$0
Instruction Assistants	\$269,543		\$25,739		\$295,282
Non-Instructional Staff		\$106,481			\$106,481
Board/Trustee Honoraria		\$11,375			\$11,375

**Employee Benefits**

Employee Benefits/Allowances					\$0
Leave & Termination Benefits					\$0

**Services Purchased/Contracted**

Professional/Technical Services	\$108,680				\$108,680
Postage/Communication	\$22,513		\$2,914		\$25,427
Utilities					\$0
Travel					\$0
Student Travel	\$600				\$600
Advertising/Printing/Publishing					\$0
Maintenance/Repair					\$0
Rentals/Leases	\$30,625				\$30,625
Contracted Services	\$155,337				\$155,337

**Materials/Supplies/Freight**

Materials	\$347,850	\$924	\$81,756		\$430,530
Freight	\$8,111				\$8,111

<b>Total</b>	<b>\$673,716</b>	<b>\$269,543</b>	<b>\$121,694</b>	<b>\$107,495</b>	<b>\$0</b>	<b>\$1,172,448</b>
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**K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at June 30, 2019

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents	\$51,938	\$50,145
Other Accounts Receivable (net)	4,970	6,900
<b>Total Financial Assets</b>	<b><u>\$56,908</u></b>	<b><u>\$57,045</u></b>
<b><u>Liabilities</u></b>		
Accounts Payable & Accrued Liabilities	\$11,317	\$5,141
Deferred Revenue	25,547	1,278
<b>Total Liabilities</b>	<b><u>\$36,864</u></b>	<b><u>\$6,419</u></b>
<b>Net Financial Resources</b>	<b><u>\$20,044</u></b>	<b><u>\$50,626</u></b>
<b>Fund Balance</b>	<b><u><u>\$20,044</u></u></b>	<b><u><u>\$50,626</u></u></b>

**K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2019

	<b>2019 Budget (unaudited)</b>	<b><u>2019 Actual</u></b>	<b><u>2018 Actual</u></b>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
Regular ECE Contributions	\$59,990	\$59,990	\$81,079
Other ECE Contributions	0	32,814	26,342
<b>Total ECE Contributions</b>	<u>\$59,990</u>	<u>\$92,804</u>	<u>\$107,421</u>
Other GNWT Contributions	\$0	\$29,824	\$39,278
<b>Total GNWT Contributions</b>	<u>\$59,990</u>	<u>\$122,627</u>	<u>\$146,700</u>
<b>Government of Canada Contributions</b>			
Jordan's Principle	\$0	\$34,768	\$0
Other Government of Canada	0	0	0
<b>Total Government of Canada Contributions</b>	<u>\$0</u>	<u>\$34,768</u>	<u>\$0</u>
<b>Generated Funds</b>			
Investment Income	\$0	\$3	\$3
Donations	\$0	\$2,220	\$21,550
Other	0	15,776	26,151
<b>Total Generated Funds</b>	<u>\$0</u>	<u>\$17,999</u>	<u>\$47,704</u>
<b>Total Revenues</b>	<u>\$59,990</u>	<u>\$175,394</u>	<u>\$194,404</u>
<b><u>EXPENSES (Schedule 7)</u></b>			
Administration	\$31,600	\$24,582	\$49,101
School Programs	13,900	120,447	66,498
Inclusive Schooling	0	34,768	3,463
Indigenous Language and Education	26,021	26,180	39,389
<b>Total Expenses</b>	<u>\$71,521</u>	<u>\$205,976</u>	<u>\$158,451</u>
<b>Operating Surplus/(Deficit)</b>	<u>(\$11,531)</u>	<u>(\$30,582)</u>	<u>\$35,953</u>
<b>Fund Balance at beginning of year</b>		<u>\$50,626</u>	<u>\$14,673</u>
<b>Fund Balance at end of year</b>		<u>\$20,044</u>	<u>\$50,626</u>



**K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY  
SCHEDULE OF EXPENSES  
For the Year Ended June 30, 2019**

<b>School Programs</b>	<b>Inclusive Schooling</b>	<b>Admin.</b>	<b>Indigenous Language</b>	<b>Fiscal &amp; Transfers</b>	<b>Total</b>
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**Salaries**

Teachers	\$43,642				\$43,642
Instruction Assistants		\$34,768			\$34,768
Non-Instructional Staff					\$0
Board/Trustee Honoraria	\$1,720		\$5,100	\$9,675	\$16,495

**Employee Benefits**

Employee Benefits/Allowances					\$0
Leave & Termination Benefits					\$0

**Services Purchased/Contracted**

Professional/Technical Services					\$0
Postage/Communication		\$3,342			\$3,342
Utilities					\$0
Travel	\$6,364	\$699	\$617		\$7,680
Student Travel					\$0
Advertising/Printing/Publishing					\$0
Maintenance/Repair	\$7,174		\$1,462		\$8,636
Rentals/Leases		\$3,596			\$3,596
Contracted Services	\$4,940	\$7,470	\$400		\$12,810

**Materials/Supplies/Freight**

Materials	\$56,608	\$4,376	\$14,025		\$75,010
Freight					\$0

<b>Total</b>	<b>\$120,447</b>	<b>\$34,768</b>	<b>\$24,582</b>	<b>\$26,180</b>	<b>\$0</b>	<b>\$205,976</b>
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**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at June 30, 2019

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents	\$77,138	\$151,624
Due from GNWT	0	0
Other Accounts Receivable (net)	0	0
	<hr/>	<hr/>
<b>Total Financial Assets</b>	<b>\$77,138</b>	<b>\$151,624</b>
	<hr/>	<hr/>
<b><u>Liabilities</u></b>		
Payroll Liabilities	\$4,615	\$960
Deferred Revenue	28,933	0
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$33,548</b>	<b>\$960</b>
	<hr/>	<hr/>
<b>Net Financial Resources</b>	<b>\$43,590</b>	<b>\$150,664</b>
	<hr/>	<hr/>
<b>Fund Balance</b>	<b>\$43,590</b>	<b>\$150,664</b>
	<hr/> <hr/>	<hr/> <hr/>

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2019

	<b>2019 Budget (unaudited)</b>	<b><u>2019 Actual</u></b>	<b><u>2018 Actual</u></b>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
Regular ECE Contributions	\$58,636	\$58,636	\$116,356
Other ECE Contributions	0	49,232	122,971
<b>Total ECE Contributions</b>	<u>\$58,636</u>	<u>\$107,868</u>	<u>\$239,327</u>
Other GNWT Contributions	\$0	\$32,686	\$59,357
<b>Total GNWT Contributions</b>	<u>\$58,636</u>	<u>\$140,554</u>	<u>\$298,684</u>
<b>Government of Canada Contributions</b>			
Jordan's Principle	\$0	\$71,909	\$0
Other Government of Canada	0	0	0
<b>Total Government of Canada Contributions</b>	<u>\$0</u>	<u>\$71,909</u>	<u>\$0</u>
<b>Generated Funds</b>			
Investment Income	\$0	\$239	\$126
Other	0	26,650	35,000
<b>Total Generated Funds</b>	<u>\$0</u>	<u>\$26,889</u>	<u>\$35,126</u>
<b>Total Revenues</b>	<u>\$58,636</u>	<u>\$239,352</u>	<u>\$333,810</u>
<b><u>EXPENSES (Schedule 7)</u></b>			
Administration	\$33,500	\$49,214	\$41,101
School Programs	5,136	198,897	151,959
Inclusive Schooling	0	73,333	31,935
Indigenous Language and Education	20,000	24,981	50,208
<b>Total Expenses</b>	<u>\$58,636</u>	<u>\$346,425</u>	<u>\$275,202</u>
<b>Operating Surplus/(Deficit)</b>	<u>\$0</u>	<u>(\$107,074)</u>	<u>\$58,608</u>
<b>Fund Balance at beginning of year</b>		<u>150,664</u>	<u>92,056</u>
<b>Fund Balance at end of year</b>		<u>\$43,590</u>	<u>\$150,664</u>

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2019**

	<b>School Programs</b>	<b>Inclusive Schooling</b>	<b>Admin.</b>	<b>Indigenous Language</b>	<b>Fiscal &amp; Transfers</b>	<b>Total</b>
<b>Salaries</b>						
Teachers						\$0
Instruction Assistants						\$0
Non-Instructional Staff	\$36,585	\$73,333				\$109,918
Board/Trustee Honoraria			\$9,975	\$125		\$10,100
<b>Employee Benefits</b>						
Employee Benefits/Allowances						\$0
Leave & Termination Benefits						\$0
<b>Services Purchased/Contracted</b>						
Professional/Technical Services	\$2,815					\$2,815
Postage/Communication			\$6,332			\$6,332
Utilities	\$2,200		\$90			\$2,290
Travel	\$5,387			\$1,050		\$6,437
Student Travel	\$9,097					\$9,097
Advertising/Printing/Publishing			\$5,563			\$5,563
Maintenance/Repair						\$0
Rentals/Leases	\$30,030		\$2,812			\$32,842
Contracted Services	\$35,481			\$14,600		\$50,081
<b>Materials/Supplies/Freight</b>						
Materials	\$76,140		\$24,441	\$9,187		\$109,768
Freight	\$1,162			\$19		\$1,181
<b>Total</b>	<b>\$198,897</b>	<b>\$73,333</b>	<b>\$49,214</b>	<b>\$24,981</b>	<b>\$0</b>	<b>\$346,425</b>

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at June 30, 2019

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents	\$0	\$8,906
Other Accounts Receivable (net)	24,418	4,800
<b>Total Financial Assets</b>	<b><u>24,418</u></b>	<b><u>13,706</u></b>
<b><u>Liabilities</u></b>		
Bank Indebtedness	\$22,612	\$0
Deferred Revenue	4,750	0
Accounts Payable & Accrued Liabilities	3,016	245
<b>Total Liabilities</b>	<b><u>30,378</u></b>	<b><u>245</u></b>
<b>Net Financial Resources</b>	<b><u>(\$5,960)</u></b>	<b><u>\$13,460</u></b>
<b>Fund Balance</b>	<b><u>(\$5,960)</u></b>	<b><u>\$13,460</u></b>

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Year Ended June 30, 2019

	<u>2019 Budget</u> <u>(unaudited)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
Regular ECE Contributions	\$93,153	\$93,153	\$100,806
Other ECE Contributions	0	750	62,807
<b>Total ECE Contributions</b>	<u>\$93,153</u>	<u>\$93,903</u>	<u>\$163,613</u>
Other GNWT Contributions	\$0	\$38,036	\$21,636
<b>Total GNWT Contributions</b>	<u>\$93,153</u>	<u>\$131,939</u>	<u>\$185,249</u>
<b>Government of Canada Contributions</b>			
Jordan's Principle	\$0	\$21,221	\$0
Other Government of Canada	0	0	0
<b>Total Government of Canada Contributions</b>	<u>\$0</u>	<u>\$21,221</u>	<u>\$0</u>
<b>Generated Funds</b>			
Investment Income	\$0	\$0	\$0
Donations	0	46,395	59,790
Other	0	5,000	17,050
<b>Total Generated Funds</b>	<u>\$0</u>	<u>\$51,395</u>	<u>\$76,840</u>
<b>Total Revenues</b>	<u>\$93,153</u>	<u>\$204,555</u>	<u>\$262,089</u>
<b><u>EXPENSES (Schedule 7)</u></b>			
Administration	\$43,556	\$32,877	\$31,263
School Programs	36,097	121,218	139,221
Inclusive Schooling	0	25,047	3,889
Indigenous Language and Education	13,500	44,833	82,114
<b>Total Expenses</b>	<u>\$93,153</u>	<u>\$223,975</u>	<u>\$256,486</u>
<b>Operating Surplus/(Deficit)</b>	<u>\$0</u>	<u>(\$19,420)</u>	<u>\$5,603</u>
<b>Fund Balance at beginning of year</b>		<u>13,460</u>	<u>7,857</u>
<b>Fund Balance at end of year</b>		<u>(\$5,960)</u>	<u>\$13,460</u>

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY**  
**SCHEDULE OF EXPENSES**  
For the Year Ended June 30, 2019

	<b>School Programs</b>	<b>Inclusive Schooling</b>	<b>Admin.</b>	<b>Indigenous Language</b>	<b>Fiscal &amp; Transfers</b>	<b>Total</b>
<b>Salaries</b>						
Teachers						\$0
Instruction Assistants		\$11,161				\$11,161
Non-Instructional Staff						\$0
Board/Trustee Honoraria			\$8,097			\$8,097
<b>Employee Benefits</b>						
Employee Benefits/Allowances						\$0
Leave & Termination Benefits						\$0
<b>Services Purchased/Contracted</b>						
Professional/Technical Services						\$0
Postage/Communication	\$1,668		\$1,566	\$289		\$3,523
Utilities						\$0
Travel	\$500		\$482	\$2,422		\$3,404
Student Travel	\$19,757					\$19,757
Advertising/Printing/Publishing	\$1,795					\$1,795
Maintenance/Repair	\$1,166	\$1,166	\$1,166	\$2,108		\$5,606
Rentals/Leases	\$2,118	\$1,518	\$2,189	\$4,368		\$10,194
Contracted Services	\$18,663	\$1,090	\$9,300	\$21,520		\$50,573
<b>Materials/Supplies/Freight</b>						
Materials	\$63,774	\$10,112	\$7,884	\$14,125		\$95,896
Freight	\$11,778		\$2,193			\$13,971
<b>Total</b>	<b>\$121,218</b>	<b>\$25,047</b>	<b>\$32,877</b>	<b>\$44,833</b>	<b>\$0</b>	<b>\$223,975</b>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b><u>Financial Assets</u></b>		
Cash and Cash Equivalents	\$9,717,144	\$7,382,960
Due from the GNWT	171,677	101,157
Other Accounts Receivable	166,283	99,712
	<u>                    </u>	<u>                    </u>
<b>Total Financial Assets</b>	<b><u>\$10,055,104</u></b>	<b><u>\$7,583,829</u></b>
<b><u>Liabilities</u></b>		
<b>Current</b>		
Accounts Payable and Accrued Liabilities	\$46,607	\$86,748
Due to the GNWT	(10,310)	39,446
Payroll Liabilities	2,935,003	989,548
Deferred Revenue	14,520	27,272
Post-Employment Benefits	3,023,696	3,561,071
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<b><u>\$6,009,516</u></b>	<b><u>\$4,704,084</u></b>
<b>Net Financial Resources</b>	<b><u>\$4,045,588</u></b>	<b><u>\$2,879,745</u></b>
<b><u>Non-Financial Assets</u></b>		
Prepaid Expenses (Note 20)	\$0	\$0
	<u>                    </u>	<u>                    </u>
<b>Accumulated Fund Balance</b>	<b><u>\$4,045,588</u></b>	<b><u>\$2,879,745</u></b>



**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
Annual Surplus/(Deficit) (Schedule 19)	\$1,165,843	\$1,453,053
Prior Year Adjustments	<u>0</u>	<u>0</u>
<b>Increase/(Decrease) in Net Financial Resources</b>	<b>\$1,165,843</b>	<b>\$1,453,053</b>
Opening net Financial Resources	<u>2,879,745</u>	<u>1,426,692</u>
Closing Net Financial Resources	<u><u>\$4,045,588</u></u>	<u><u>\$2,879,745</u></u>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
NON-CONSOLIDATED STATEMENT OF OPERATIONS  
For the Year Ended June 30, 2019**

	<b>2019 Budget (unaudited)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b><u>REVENUES</u></b>			
<b>ECE Contributions</b>			
Regular ECE Contributions	\$24,754,493	\$25,485,428	\$25,671,174
Other ECE Contributions	368,000	788,094	1,094,716
<b>Total ECE Contributions</b>	<b>\$25,122,493</b>	<b>\$26,273,522</b>	<b>\$26,765,890</b>
Other GNWT Contributions	\$534,000	\$44,578	\$55,658
<b>Total GNWT Contributions</b>	<b>\$25,656,493</b>	<b>\$26,318,100</b>	<b>\$26,821,548</b>
<b>Government of Canada Contributions</b>			
Jordan's Principle	\$0	\$73,280	\$0
Other Government of Canada	\$0	\$0	0
<b>Total Government of Canada Contributions</b>	<b>\$0</b>	<b>\$73,280</b>	<b>\$0</b>
<b>Other Education Bodies</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Generated Funds</b>			
Investment Income	\$80,000	\$165,867	\$100,159
Non-GNWT Contributions	0	81,176	123,314
Donations	0	0	3
Other	0	75,324	44,529
<b>Total Generated Funds</b>	<b>\$80,000</b>	<b>\$322,368</b>	<b>\$268,004</b>
<b>Total Revenues</b>	<b>\$25,736,493</b>	<b>\$26,713,747</b>	<b>\$27,089,552</b>
<b><u>EXPENSES</u></b>			
Administration	\$2,196,201	\$1,957,185	\$1,902,266
School Programs	15,507,116	14,679,033	14,986,170
Inclusive Schooling	5,109,053	5,395,008	5,048,807
Indigenous Language and Education	1,769,609	1,812,065	2,135,186
Transfers to DEAs	1,376,228	1,704,613	1,564,070
<b>Total Expenses</b>	<b>\$25,958,207</b>	<b>\$25,547,904</b>	<b>\$25,636,499</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$221,714)</b>	<b>\$1,165,843</b>	<b>\$1,453,053</b>
<b>Fund Balance at beginning of year</b>		<b>2,879,745</b>	<b>1,426,692</b>
<b>Fund Balance at end of year</b>		<b>\$4,045,588</b>	<b>\$2,879,745</b>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL**  
**SCHEDULE OF EXPENSES**  
**(Non-Consolidated)**  
**For the Year Ended June 30, 2019**

	<b>School Programs</b>	<b>Inclusive Schooling</b>	<b>Admin.</b>	<b>Indigenous Language</b>	<b>Fiscal &amp; Transfers</b>	<b>Total</b>
<b>Salaries</b>						
Teachers	\$12,703,826	\$2,167,328		\$1,123,812		\$15,994,965
Instruction Assistants		\$2,309,882		\$255,412		\$2,565,295
Non-Instructional Staff	\$1,624,466	\$267,874	\$1,265,263	\$75,898		\$3,233,501
Board/Trustee Honoraria			\$5,800	\$5,630		\$11,430
<b>Employee Benefits</b>						
Employee Benefits/Allowances	\$158,811	\$66,583	\$10,613	\$21,307		\$257,315
Leave & Termination Benefits	(\$237,930)	\$121,943	\$9,988	\$39,022		-\$66,977
<b>Services Purchased/Contracted</b>						
Professional/Technical Services	\$107,170	\$79,690	\$39,035	\$9,142		\$235,036
Postage/Communication			\$26,807	(\$216)		\$26,590
Utilities						\$0
Travel	\$123,328	\$146,978	\$93,625	\$86,802		\$450,733
Student Travel						\$0
Advertising/Printing/Publishing	\$2,387	\$3,635	\$5,743	\$46,294		\$58,059
Maintenance/Repair			\$69,417			\$69,417
Rentals/Leases		\$673	\$177,020			\$177,693
Contracted Services	\$82,400	\$31,304	\$1,125	\$83,461		\$198,290
<b>Materials/Supplies/Freight</b>						
Materials	\$98,717	\$190,881	\$247,860	\$62,839		\$600,297
Freight	\$858	\$8,237	\$4,888	\$2,664		\$16,648
<b>Transfers to DEA's</b>						
	\$15,000				\$1,704,613	\$1,719,613
<b>Total</b>	<b>\$14,679,033</b>	<b>\$5,395,008</b>	<b>\$1,957,185</b>	<b>\$1,812,065</b>	<b>\$1,704,613</b>	<b>\$25,547,904</b>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
 SCHEDULE OF SPECIFIC PROGRAM EXPENSES  
 INCLUSIVE SCHOOLING  
 For the Year Ended June 30, 2019**

	<b>General Expenditures</b>	<b>Staff Development</b>	<b>Assistive Technology</b>	<b>Magnet Facilities</b>	<b>Total</b>
<b>Salaries</b>					
Regional Coordinator	\$162,706				\$162,706
Program Support Teachers	\$1,727,327	\$169,338		\$242,315	\$2,138,981
Support Assistants	\$2,832,203				\$2,832,203
<b>Employee Benefits</b>					
Employee Benefits/Allowances *	\$188,526				\$188,526
<b>Services Purchased/Contracted</b>					
Professional/Technical Services	\$79,690				\$79,690
Travel		\$146,978			\$146,978
Student Transportation (Bussing)	\$1,904				\$1,904
Advertising/Printing/Publishing	\$3,635				\$3,635
Maintenance/Repair	\$1,166				\$1,166
Rentals/Leases	\$2,191				\$2,191
Contracted Services	\$30,490				\$30,490
<b>Materials/Supplies/Freight</b>					
Materials	\$212,296	\$2,251	\$36,945		\$251,491
Freight			\$8,237		\$8,237
<b>Total</b>	<b>\$5,242,133</b>	<b>\$318,567</b>	<b>\$45,182</b>	<b>\$242,315</b>	<b>\$5,848,196</b>

\* From Schedule 20

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
SCHEDULE OF SPECIFIC PROGRAM EXPENSES  
INDIGENOUS LANGUAGE AND EDUCATION  
For the Year Ended June 30, 2019**

	<b>Student Instruction</b>	<b>Teaching Resources</b>	<b>Professional Development</b>	<b>School ** Activities</b>	<b>Total</b>
<b>Salaries</b>					
ALCBE Teachers	\$1,095,738		\$28,073		\$1,123,811
Language Consultants		\$75,898			\$75,898
Instruction Assistants	\$255,412			\$25,739	\$281,151
Non-Instructional Staff					\$0
Honoraria		\$5,630		\$9,800	\$15,430
<b>Employee Benefits</b>					
Employee Benefits/Allowances *	\$60,329				\$60,329
<b>Services Purchased/Contracted</b>					
Professional/Technical Services		\$9,142			\$9,142
Travel			\$86,802	\$4,089	\$90,891
Student Transportation (Bussing)					\$0
Advertising/Printing/Publishing		\$46,294			\$46,294
Maintenance/Repair				\$3,570	\$3,570
Rentals/Leases				\$4,368	\$4,368
Contracted Services		\$83,461		\$36,520	\$119,981
<b>Materials/Supplies/Freight</b>					
Materials		\$62,472	\$150	\$258,975	\$321,597
Freight		\$2,664		\$19	\$2,683
<b>Total</b>	<b>\$1,411,479</b>	<b>\$285,561</b>	<b>\$115,025</b>	<b>\$343,080</b>	<b>\$2,155,145</b>

\* from Schedule 20

\*\* from respective DEA schedules

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES  
FRENCH LANGUAGE  
For the Year Ended June 30, 2019**

	<b>Contributions July 1, 2018 to June 30, 2019</b>	<b>SSDEC Commitment July 1, 2018 to June 30, 2019</b>	<b>Total Expenses July 1, 2018 to June 30, 2019</b>	<b>Under/(Over) Funding</b>
<b>Bilateral Agreement Funding</b>				
Core French 1-12 (salary)	\$193,000	\$234,000	\$391,627	\$35,373
Immersion Pioneer Class (salary)	70,000	\$50,000	\$530,439	(\$410,439)
Resources	10,000	\$5,000	\$7,557	\$7,443
Partnership with YK1	15,000			\$15,000
French Monitor		\$6,000	\$28,287	(\$22,287)
Professional Development		\$5,000	\$3,940	\$1,060
French Language Communications				
Intensive French: Salary	49,200	\$32,800	\$393,849	(\$311,849)
Intensive French: Camp				\$0
Intensive French: Resources	6,000	\$2,400	\$12,000	(\$3,600)
Intensive French: Training/Visits	3,600	\$4,000	\$6,152	\$1,448
<b>Totals</b>	<b>\$346,800</b>	<b>\$339,200</b>	<b>\$1,373,849</b>	<b>(\$687,849)</b>

Schedule 24

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES  
NWT STUDENT SUCCESS INITIATIVE - PROFESSIONAL DEVELOPMENT  
For the Period July 1, 2018 to June 30, 2019**

Revenue

Education, Culture and Employment	\$55,000
NWTTA	70,650
<b>Total Revenue</b>	<b>\$125,650</b>

Expenditures

Salaries/Wages

Salaries	\$996,694
Facilitator's Fees	\$177,176
Substitute Teachers Wages	\$418

Travel

Facilitator Travel	\$16,205
Staff Travel	\$17,016
Accommodation	\$10,865
Per Diems	\$7,891

Workshop Expenses

Room Rental	
Tuition	\$982
Refreshments	\$1,556
Resources	\$113,718
Miscellaneous	\$2,347

<b>Total Expenses</b>	<b>\$1,344,868</b>
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<b>Net Surplus/(Deficit)</b>	<b>(\$1,219,218)</b>
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**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES  
INDIGENOUS LANGUAGES EDUCATION (Contributions)  
For the Year Ended June 30, 2019**

	<b>July 1, 2018 to March 31, 2019</b>	<b>April 1, 2019 to June 30, 2019</b>	<b>Total 2017/18</b>
<b>Revenues</b>			
Funding Received	\$132,000		\$132,000
<b>Total Funding</b>	<b>\$132,000</b>	<b>\$0</b>	<b>\$132,000</b>
<b>Expenditures</b>			
Wages & Benefits	\$77,836		\$77,836
Materials & Supplies	\$22,847		\$22,847
Travel	\$33,775		\$33,775
<b>Total Expenditures</b>	<b>\$134,458</b>	<b>\$0</b>	<b>\$134,458</b>
<b>Surplus/(Deficit)</b>	<b>(\$2,458)</b>	<b>\$0</b>	<b>(\$2,458)</b>



**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES  
NORTHERN DISTANCE LEARNING  
For the Year Ended June 30, 2019**

	<b>Budget 2018/19</b>	<b>July 1, 2018 to March 31, 2019</b>	<b>April 1, 2019 to June 30, 2019</b>	<b>Total 2018/19</b>
<b>Revenues</b>				
Education, Culture & Employment	\$35,091	\$22,109	\$12,982	\$35,091
Other				\$0
<b>Total Funding</b>	<b>\$35,091</b>	<b>\$22,109</b>	<b>\$12,982</b>	<b>\$35,091</b>
<b>Expenditures</b>				
Support Persons	\$15,000	\$15,000		\$15,000
Network Charges	\$20,091			\$0
<b>Total Expenditures</b>	<b>\$35,091</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$15,000</b>
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$7,109</b>	<b>\$12,982</b>	<b>\$20,091</b>

The SSDEC has only one community (Fort Resolution) participating

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL  
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES  
Jordan's Principle  
For the Year Ended June 30, 2019**

	June 30, 2019 Budget	June 30, 2019 Actual	June 30, 2018 Actual
<b>Revenue</b>			
Government of Canada			
- First Nations and Inuit Health Branch	\$186,245	\$992,312	\$0
Carry Forward from Previous Year		\$0	\$0
<b>Total Revenue</b>	<b>\$186,245</b>	<b>\$992,312</b>	<b>\$0</b>
<b>Expenditures</b>			
Administration			
Personnel	\$105,245	\$324,565	
Transportation	\$17,000	\$5,854	
Materials and Supplies		\$18,252	
Rent and Utilities			
Evaluation			
Other	\$64,000	\$60,713	
<b>Total Expenditures</b>	<b>\$186,245</b>	<b>\$409,384</b>	<b>\$0</b>
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$582,928</b>	<b>\$0</b>
<b>Deferred Revenue</b>	<b>\$0</b>	<b>\$582,928</b>	<b>\$0</b>

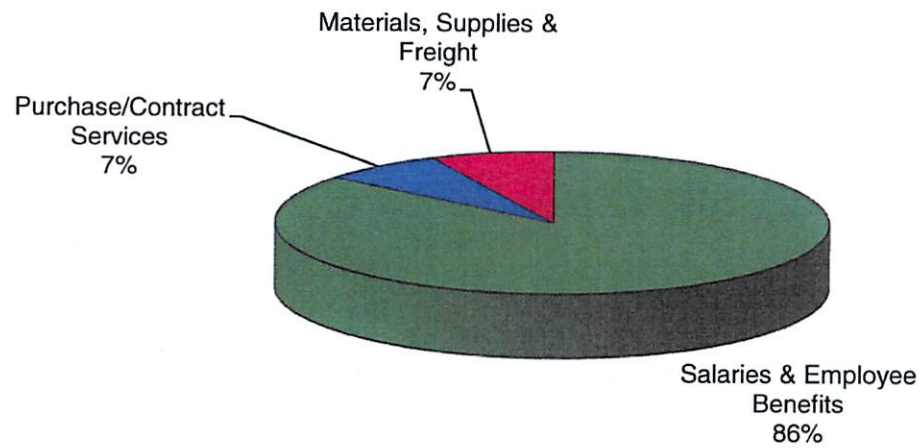
Schedule 28

**South Slave Divisional Education Council  
2018/19 Fund Balances  
(Unaudited)**

	<u>SSDEC</u>	<u>Fort Smith</u>	<u>Hay River</u>	<u>K'atłodeeche</u>	<u>Fort Resolution</u>	<u>Lutsel K'e</u>	
Fund Balances as per audited Financial Statements	\$4,045,588	\$78,906	\$159,111	\$20,044	\$43,590	(\$5,960)	\$295,690
less: Staffing Surpluses							
- Lutsel K'e Dene School	\$82,954						
- Paul William Kaeser	\$203,562						
- Harry Camsell	\$41,373						
- Joseph Burr Tyrrell	\$159,401						
- Chief Sunrise	\$45,133						
- Princess Alexandra	\$96,483						
- Diamond Jenness Secondary School	\$164,817						
- Deninu School	<u>\$102,811</u>						
							(\$896,534)
Commitments against surpluses							
- Council Office							
- Fort Resolution DEA plan							
- Lutsel K'e DEA plan							
- K'atłodeeche plan							
- Hay River DEA plan							
- Fort Smith plan							
Uncommitted Fund Balance	<u>\$3,149,054</u>	<u>\$78,906</u>	<u>\$159,111</u>	<u>\$20,044</u>	<u>\$43,590</u>	<u>(\$5,960)</u>	
2019/20 contributions from SSDEC		<u>\$567,769</u>	<u>\$679,979</u>	<u>\$92,500</u>	<u>\$123,019</u>	<u>\$113,322</u>	
Fund Balance percentage *		<u>13.90%</u>	<u>23.40%</u>	<u>21.67%</u>	<u>35.43%</u>	<u>-5.26%</u>	
* Calculated as per SSDEC policy DFAA - Financial Surplus maximum SSDEC fund balance as per policy DFAA - Financial Surplus							<b>\$1,869,962</b>

Salaries & Employee Benefits	\$22,721,942
Purchase/Contract Services	\$1,925,870
Materials, Supplies & Freight	\$1,915,309
Total	\$26,563,121

**South Slave Divisional Education Council  
Details of Expenditures  
For the Year Ended June 30, 2019**



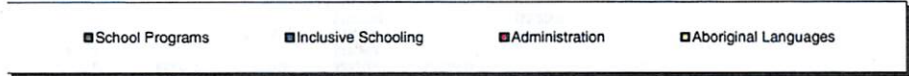
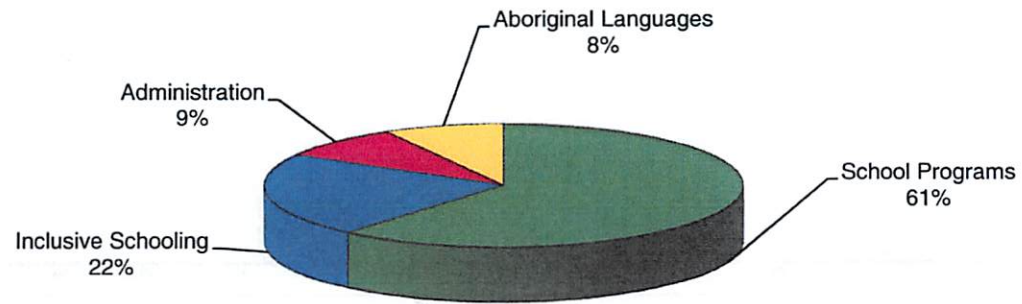
■ Salaries & Employee Benefits

■ Purchase/Contract Services

■ Materials, Supplies & Freight

School Programs	\$16,260,023
Inclusive Schooling	\$5,848,196
Administration	\$2,299,757
Aboriginal Languages	\$2,155,145
Total	\$26,563,121

**South Slave Divisional Education Council  
Expenditures by Function  
For the Year Ended June 30, 2019**





South Slave District Education Council  
Consolidation Income Statement  
for the Year Ended June 30, 2019

	SSDEC	Hay River DEA	Fort Res DEA	Fort Smith DEA	Hay River Res DEA	Lutsel Ke DEA	Prior to Consolidation	#1 (transfers)	#2 K'atodeeche	#3 Fort Res	Adjustments #4 Hay River	#5 Fort Smith	#6 Lutsel Ke	Consolidated Total	Note
<b>Revenue</b>															
<b>ECE</b>															
Regular Contributions	\$25,485,428	\$645,673	\$58,636	\$543,776	\$59,990	\$93,153	\$26,888,656	(\$1,376,228)						\$25,510,428	
Other Contributions	\$788,094	\$247,432	\$49,232	\$47,699	\$32,814	\$750	\$1,166,020	(\$46,820)	(\$31,535)	(\$16,629)	(\$247,432)	(\$879)		\$822,725	
<b>Total ECE</b>	<b>\$26,273,522</b>	<b>\$893,105</b>	<b>\$107,868</b>	<b>\$591,475</b>	<b>\$92,804</b>	<b>\$93,903</b>	<b>\$28,052,676</b>	<b>(\$1,423,048)</b>	<b>(\$31,535)</b>	<b>(\$16,629)</b>	<b>(\$247,432)</b>	<b>(\$879)</b>	<b>\$0</b>	<b>\$26,333,153</b>	
Other GNWT Contributions	\$44,576	\$18,051	\$32,686	\$36,000	\$29,824	\$38,036	\$199,174							\$199,174	
<b>Total GNWT Contributions</b>	<b>\$26,318,100</b>	<b>\$911,156</b>	<b>\$140,554</b>	<b>\$627,475</b>	<b>\$122,627</b>	<b>\$131,939</b>	<b>\$28,251,851</b>	<b>(\$1,423,048)</b>	<b>(\$31,535)</b>	<b>(\$16,629)</b>	<b>(\$247,432)</b>	<b>(\$879)</b>	<b>\$0</b>	<b>\$26,532,326</b>	
Other Education Bodies	\$0						\$0							\$0	
<b>Government of Canada Contributions</b>															
Jordan's Principle	\$73,280	\$208,207	\$71,909	\$0	\$34,768	\$21,221	\$409,384							\$409,384	
Other Government of Canada	\$0	\$0	\$0	\$0	\$0	\$0	\$0							\$0	
<b>Total Government of Canada Contributions</b>	<b>\$73,280</b>	<b>\$208,207</b>	<b>\$71,909</b>	<b>\$0</b>	<b>\$34,768</b>	<b>\$21,221</b>	<b>\$409,384</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$409,384</b>	
<b>Generated Funds</b>															
Investment Income	\$165,867	\$458	\$239	\$898	\$3		\$167,464							\$167,464	
Non-GNWT Contributions	\$81,176						\$81,176							\$81,176	
Donations	\$0				\$2,220	\$46,395	\$48,615							\$48,615	
Other	\$75,324	\$72,261	\$26,650	\$127,287	\$15,776	\$5,000	\$322,298							\$322,298	
<b>Total Generated Funds</b>	<b>\$322,368</b>	<b>\$72,719</b>	<b>\$26,889</b>	<b>\$128,184</b>	<b>\$17,999</b>	<b>\$51,395</b>	<b>\$619,554</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$619,554</b>	
<b>Total Revenue</b>	<b>\$26,713,747</b>	<b>\$1,182,082</b>	<b>\$239,352</b>	<b>\$755,659</b>	<b>\$175,394</b>	<b>\$204,555</b>	<b>\$29,260,789</b>	<b>(\$1,423,048)</b>	<b>(\$31,535)</b>	<b>(\$16,629)</b>	<b>(\$247,432)</b>	<b>(\$879)</b>	<b>\$0</b>	<b>\$27,561,266</b>	
<b>Expenses</b>															
Administration	\$1,957,185	\$121,694	\$49,214	\$114,205	\$24,582	\$32,877	\$2,299,759		(\$3,535)	(\$1,629)		(\$879)		\$2,293,716	
School Programs	\$14,679,033	\$673,716	\$198,897	\$486,620	\$120,447	\$121,218	\$16,279,930	\$1,133		(\$15,000)				\$16,268,063	
Inclusive Schooling	\$5,395,008	\$269,543	\$73,333	\$50,497	\$34,768	\$25,047	\$5,848,196							\$5,848,196	
Indigenous Language and Education	\$1,812,065	\$107,495	\$24,981	\$134,593	\$26,180	\$44,833	\$2,150,145	\$5,000						\$2,155,145	
Transfers to DEAs	\$1,704,613						\$1,704,613	(\$1,420,181)	(\$28,000)		(\$247,432)			\$0	
<b>Total Expenses</b>	<b>\$25,547,904</b>	<b>\$1,172,448</b>	<b>\$346,425</b>	<b>\$785,914</b>	<b>\$205,976</b>	<b>\$223,975</b>	<b>\$28,282,643</b>	<b>(\$1,423,048)</b>	<b>(\$31,535)</b>	<b>(\$16,629)</b>	<b>(\$247,432)</b>	<b>(\$879)</b>	<b>\$0</b>	<b>\$28,563,121</b>	
Operating Surplus/(Deficit) for the year	\$1,165,843	\$19,634	(\$107,074)	(\$30,255)	(\$30,582)	(\$19,420)	\$98,146							\$98,146	
Fund Balance, beginning of the year	\$2,879,745	\$139,477	\$150,664	\$110,359	\$50,626	\$13,460	\$3,344,331							\$3,344,331	
Fund Balance, end of the year	\$4,045,588	\$159,111	\$43,590	\$78,906	\$20,044	(\$5,960)	\$4,341,279	\$0	\$0	\$0	\$0	\$0	\$0	\$4,341,279	

South Slave District Education Council  
Consolidation Income Statement - Budget  
for the Year Ended June 30, 2019

	<u>SSDEC</u>	Hay River DEA	Fort Res DEA	Fort Smith DEA	Hay River Res DEA	Lutsel Ke DEA	Prior to Consolidation	#1 (transfers)	Adjustments #2	#3	#4	Consolidated Total	Note
<b>Revenue</b>													
ECE													
Regular Contributions	\$24,754,493	\$645,673	\$58,636	\$543,776	\$59,990	\$93,153	\$26,155,721	(\$1,376,228)				\$24,779,493	
Other GNWT Contributions	\$534,000	\$18,051	\$32,686	\$36,000	\$29,824	\$38,036	\$688,597					\$688,597	
Other ECE Contributions	\$368,000	\$0	\$0	\$0	\$0	\$0	\$368,000					\$368,000	
<b>Total ECE</b>	<b>\$25,656,493</b>	<b>\$663,724</b>	<b>\$91,322</b>	<b>\$579,776</b>	<b>\$89,814</b>	<b>\$131,189</b>	<b>\$27,212,318</b>	<b>(\$1,376,228)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,836,090</b>	
<b>Government of Canada Contributions</b>													
Jordan's Principle	\$0	\$0	\$0	\$0	\$0	\$0	\$0					\$0	
Other Government of Canada Contributions	0	0	0	0	0	0	\$0					\$0	
<b>Total Government of Canada Contributions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Generated Funds</b>													
Investment Income	\$80,000	\$0	\$0	\$400	\$0	\$0	\$80,400					\$80,400	
Non-GNWT Contributions	\$0						\$0					\$0	
Donations	\$0						\$0					\$0	
Other	\$0	\$17,501	\$0	\$48,000	\$0	\$0	\$65,501					\$65,501	
<b>Total Generated Funds</b>	<b>\$80,000</b>	<b>\$17,501</b>	<b>\$0</b>	<b>\$48,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$145,901</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$145,901</b>	
<b>Total Revenue</b>	<b>\$25,736,493</b>	<b>\$681,225</b>	<b>\$91,322</b>	<b>\$628,176</b>	<b>\$89,814</b>	<b>\$131,189</b>	<b>\$27,358,219</b>	<b>(\$1,376,228)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,981,991</b>	
<b>Expenses</b>													
Administration	\$2,196,201	\$120,476	\$33,500	\$69,600	\$31,600	\$43,556	\$2,494,933					\$2,494,933	
School Programs	\$15,607,116	\$380,797	\$5,136	\$406,475	\$13,900	\$36,097	\$16,349,621					\$16,349,621	
Inclusive Schooling	\$5,109,053	\$45,230	\$0	\$33,460	\$0	\$0	\$5,187,743					\$5,187,743	
Indigenous Language and Education	\$1,769,609	\$116,671	\$20,000	\$100,186	\$26,021	\$13,500	\$2,045,967					\$2,045,967	
Transfers to DEAs	\$1,376,228						\$1,376,228	(\$1,376,228)				\$0	
<b>Total Expenses</b>	<b>\$25,958,207</b>	<b>\$663,174</b>	<b>\$58,636</b>	<b>\$609,701</b>	<b>\$71,521</b>	<b>\$93,153</b>	<b>\$27,454,392</b>	<b>(\$1,376,228)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,078,164</b>	
<b>Surplus/(Deficit) for the year</b>	<b>(\$221,714)</b>	<b>\$18,051</b>	<b>\$32,686</b>	<b>\$18,475</b>	<b>\$18,293</b>	<b>\$38,036</b>	<b>(\$96,173)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$96,173)</b>	



**Yellowknife Catholic Schools  
(Yellowknife Public Denominational  
District Education Authority)**

**Consolidated Financial Statements**

**June 30, 2019**

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**Yellowknife Catholic Schools**  
**(Yellowknife Public Denominational District Education Authority)**

**Consolidated Financial Statements**

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Yellowknife Catholic Schools  
(Yellowknife Public Denominational District  
Education Authority)

Annual Financial Report

June 30, 2019

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# Yellowknife Catholic Schools

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) of the consolidated financial position and results of operations of Yellowknife Public Denominational District Education Authority (Yellowknife Catholic Schools) for the year ended June 30, 2019 should be read in conjunction with Yellowknife Catholic Schools' audited consolidated financial statements and related notes. The preparation of this report is the responsibility of management. It is the responsibility of the Board of Trustees to promote transparency and accountability.

The 2019-2020 school year will be an exciting year at Yellowknife Catholic Schools. We will continue to strive to provide faith-based, engaging, collaborate, innovative, learning environments that promote inquiry as a means to develop versatile and involved learners that are advocates of their personal learning journey.

We will provide all students with the opportunities to achieve their full potential with limited resources. The guiding principle of the 2019-2020 budget is to allocate our financial resources to allow our students to succeed. The budget will be balanced ensuring that today's dollars are spent to educate today's students with a focus on 21st century learning initiatives and student learning. Appropriate resources have been allocated so that students will have a full range of learning opportunities.

As our educational landscape moves us towards ensuring our students have the skills needed to be successful in the workplace, we will focus on developing the 21st-century skills of collaboration, communication, critical thinking and creativity using innovative teaching models that include inquiry, technology, and interest-based learning in personalized, student-centered environments.

### **Mission, Values and Beliefs**

Yellowknife Catholic Schools is a family of learners: developing faith, celebrating culture, supporting diversity, teaching critical thinking and inspiring service to others.

Through Christ we value: truth, honesty, compassion, respect, forgiveness, service, love and living the faith.

We believe that we are a Catholic, Christ-centered community that strives to nurture the spiritual, intellectual, emotional, social and physical development of all learners.

### **Board of Trustees**

There are seven trustees at Yellowknife Catholic Schools. Mr. Miles Welsh is the Chair and Ms. Erin Currie is the Vice Chair. Other trustees are Revi Lau-a, Lori MacMillian Gallant, Candace Meadus, Tina Schauerte and Steven Voytilla. There are two committees in place – Finance and Facilities. Trustee meetings are held each month and are open to the public.



# Yellowknife Catholic Schools

## Yellowknife Catholic Schools

Yellowknife Catholic Schools (YCS) is the only Catholic school board in the Northwest Territories. YCS was established in July 1951 and provides education of students from junior kindergarten to Grade 12.

YCS programs operate out of: École St. Patrick High School (ESPHS), Weledeh Catholic School (WCS), École St. Joseph School (ESJS), the Kimberlite Career and Technical Centre (KCTC), the Tallah Building, the Yellowknife Family Centre, Jim Murphy Maintenance Building and the Central Services Building. All of our facilities are in excellent condition.

The senior administration team during the 2018-2019 school year consisted of Claudia Parker– Superintendent; Simone Gessler– Assistant Superintendent – Learning and Janet Toner – Assistant Superintendent – Business. On August 1, 2019, Simone Gessler became the Superintendent after Claudia Parker's retirement.

The principal at École St. Patrick High School is Todd Stewart. The principal at Weledeh Catholic School is Jenny Reid and the principal at École St. Joseph School is Pat Sullivan.

## Student and Teacher Population

The following is the student enrolment as of September 30<sup>th</sup> and the teachers that were employed as of September 30, 2018.

	Enrolment	Teachers	Pupil/Teacher Ratio
École St Patrick High School	481	29	17
Weledeh Catholic School	352	21	16
École St Joseph School	561	36	16
KCTC	0	4	0
TTC	0	1	0
	<u>1,394</u>	<u>91</u>	<u>15</u>

There was a total of 90 staff at YCS as of June 2019.



# Yellowknife Catholic Schools

## Strategic Plan

### Vision Statement for 2016-2019

YCS will strive to provide engaging, collaborative, innovative, inquiry and faith-based learning environments as a means to develop versatile and involved learners that are advocates of their personal learning journey.

### Goals

The goals of YCS are to:

- Foster inquiry and collaboration throughout the integration of technology and the development of 21<sup>st</sup> century classrooms.
- Provide rich literacy and numeracy instruction through collaborative and supporting programming
- Develop spiritually and culturally-rich global citizens with a sense of social justice and community awareness

### Commitments

YCS is committed to the following:

- Engage in continuous growth and improvement, make decisions to enhance student learning and provide opportunities for the community to learn together.
- Provide all learners with a safe environment that promotes spiritual, academic, physical, emotional, and social growth, encouraging inquiry, innovation and self-reflection.
- Allocate resources based on our vision and commitment to our learners.

YCS realizes its responsibility to provide an excellent education for our students. Our district is proud of its reputation for providing high-quality education to the students of our community through continuous improvement and the cooperative efforts of the Northwest Territories (GNWT) Minister of Education, Culture and Employment (ECE), administration, teachers, staff, students, families and a supportive community.



# Yellowknife Catholic Schools

## **Financial Condition**

The audited consolidated financial statements were prepared for the Government of the Northwest Territories (GNWT) Minister of Education, Culture and Employment (ECE), in accordance with Canadian public sector accounting standards.

### **Highlights of YCS Financial Position**

#### **Financial Assets**

The financial and non-financial assets of YCS consist of cash and accounts receivable. The cash balance was \$6,682,134 on June 30, 2019 (prior year - \$6,348,211) and indicates a good cash flow. The financial assets position at June 30, 2019 was \$7,779,524 (prior year - \$6,579,461).

#### **Liabilities**

Liabilities consist of payroll liabilities, accounts payable and long term debt. The payroll liabilities consist of payroll liabilities to staff for July and August. The long term debt was reduced by \$102,874 during the year and is for a debenture on the Tallah building. Rental revenue for the Tallah building will more than cover the net financial debt.

The Consolidated Statement of Financial Position has a subtotal called "Net surplus (debt)". This line is an indicator of the ability to discharge all of the entity's surplus (debt) with financial assets. This year the net surplus is \$1,855,368 compared to the prior year with a net surplus of \$650,738. It indicates that YCS has sufficient assets to pay off all debt at year end.

#### **Non-financial Assets**

Non-financial assets include land and buildings that YCS has no intention of selling and that would not be able to be quickly converted to cash. The non-financial assets decreased from \$41,303,992 to \$39,813,493 which mainly reflects the change in the value of the tangible capital assets owned by Yellowknife Catholic Schools.

The \$1,495,223 decrease in tangible capital assets relates to depreciation of tangible capital assets for this fiscal year partially offset by the additional of the soccer field at École St Patrick High School and Weledeh Catholic School.

#### **Accumulated Surplus**

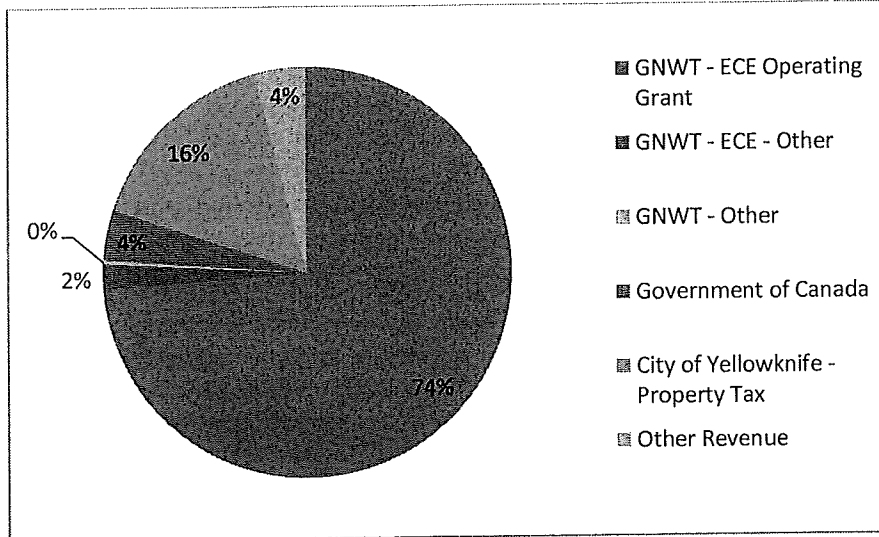
Accumulated surplus is equal to the difference between non-financial assets and net debt. Accumulated surplus represents the equity that YCS has generated in the last 68 years. The largest component of accumulated surplus is the Investment in Tangible Capital Assets. A further breakdown of accumulated surplus can be found on the Consolidated Statement of Accumulated Surplus.



# Yellowknife Catholic Schools

## Highlights of YCS Operations

### Operating Revenue



### Operating Revenue

The majority of the funding (74%) for YCS comes from the Government of the Northwest Territories (GNWT) Department of Education, Culture and Employment (ECE) as core funding. The core funding is derived from a funding formula developed by ECE. The most important factor in the funding formula is student enrollment. In total 76% of the revenue is from the Government of Northwest Territories.

During the year, Yellowknife Catholic Schools received funding from Jordan's Principle – Government of Canada. Jordan's Principle is funding to help support indigenous students so they can access the products, services and supports they need, when they need them.

YCS also generates revenue from property taxes – 16% of revenue. The City of Yellowknife collects property tax revenue on our behalf. Other GNWT funding includes contribution agreement funding for: French language programs, active after-school programs and for the development of materials for indigenous languages.

Board generated funds include donations, bus pass sales, after school program fees, investment revenue, and rental revenue.

YCS generates revenue from other school districts when a student from that district attends an YCS school and the other district receives GNWT core funding for that student.





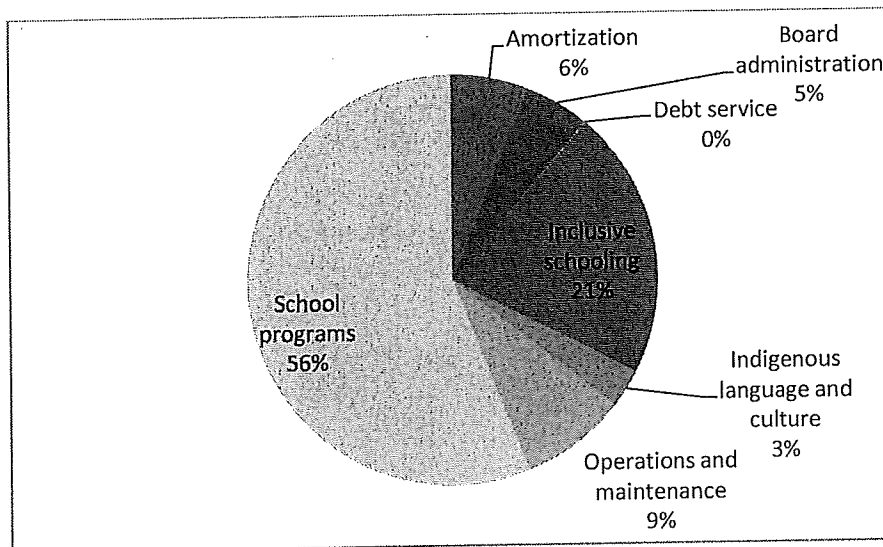
# Yellowknife Catholic Schools

YCS is economically dependent upon the GNWT for the majority of its operating revenue. Significant changes to enrollment in Yellowknife or to the GNWT funding formula would have dramatic effects on the future operations of YCS.

## Operating Expenditures

The Consolidated Statement of Operations and Schedule 1 provide two different ways to classify expenditures. In the Consolidated Statement of Operations, expenditures are classified by program. Schedule 1 of the consolidated financial statements provides an additional breakdown by object.

## Expenditures – By Program





# Yellowknife Catholic Schools

## Expenditures – By Program

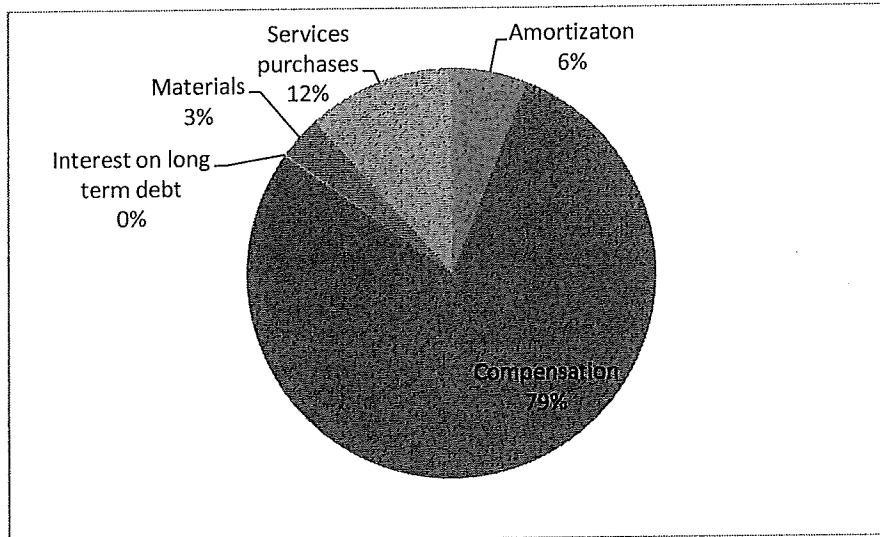
Program categories for YCS are:

- Indigenous Language and Culture (3%): Includes salary and benefits of Dogrib Language instructors, salary and benefits of the literacy coach, costs related to the creation of learning materials in the Dogrib language and the cost of running our indigenous language and culture camps.
- Board Administration (5%): Includes salary and benefits for central services administrative and technology staff, honoraria for trustees, audit and legal fees, travel costs, advertising and publishing costs. The expenses related to the fire are also included in the board administration this year.
- Debt service: Relates to interest on long-term debt for the repayment of debentures for the Tallah Building. Debenture repayments for the Tallah building are mostly funded through lease payments from Aurora College.
- Inclusive schooling (21%): Expenditures in this program relate to supporting students with diverse needs. This support can include enrichment opportunities as well as supporting students with learning challenges. Salary and benefits for program support teachers, literacy and early intervention teachers, the student services coordinator, counselors, classroom assistants, and advanced placement teachers are included in this category. The inclusive
- Operations and maintenance (9%): Includes salary and benefits of maintenance staff, cost of electricity, fuel and water, expenditures on janitorial services, expenditures on repair and maintenance of our facilities (including minor capital projects).
- School programs (56%): Salary and benefits for the majority of teachers are recorded in this program. Other large components of expenditure in this program are salary and benefits for school administrative assistants, library technicians, and curriculum coordinators, the cost for school textbooks and supplies and the cost of busing services.
- Amortization (6%): This expense relates to the rational and systematic manner to write off the value of the tangible capital asset over an appropriate number of accounting periods.



# Yellowknife Catholic Schools

## Expenditures by Object



### Expenditures by Object

- Compensation (79%): Includes salary for teachers, coordinators, classroom assistants, maintenance staff, administration assistants, library technicians, counsellors, technology staff, administrative staff and trustee honoraria. The majority of YCS staff is unionized and collective agreements with the unions specify pay and benefits for these staff. Compensation also includes employee benefits which consists of employer contributions to pension plans, extended health and dental plans, CPP, EI, WSCC premiums, life insurance, long term disability insurance, maternity leave, professional development, medical travel, vacation travel, removal benefits and other allowances.
- Services Purchased/contracted services (12%): Include busing, janitorial services, insurance services, security services and snow removal.
- Materials/freight (3%): Include expenses for material and freight of goods.
- Amortization (6%): This expense relates to the rational and systematic manner to write off the value of the tangible capital asset over an appropriate number of accounting periods.
- Debenture interest: Include interest expense paid during the year for the Tallah building debenture.



# Yellowknife Catholic Schools

## Operating Deficit

At the end of the year, there was an operating surplus of \$2,266,834.

## Summary of Accumulated Surplus

	Opening	Increase (Decrease)	Closing
Operating fund surplus	\$ 988,200	\$ 1,278,634	\$ 2,266,834
Investment in tangible capital assets	40,513,307	(1,392,353)	39,120,954
Decentralized budget accumulated surplus	453,223	(172,150)	281,073
	<u>41,954,730</u>	<u>(285,869)</u>	<u>41,668,861</u>

The operating fund surplus increased by \$1,278,634 during the year. This was mainly due to changes in the tangible capital assets, increased funding from Government of Northwest Territories and new funding from Jordan's Principle.

Investment in tangible capital assets represents the amount of funds received and recognized as revenue that allow us to purchase our tangible capital assets less accumulated amortization. The decrease in this account this year is due to amortization of our tangible capital assets offset by the principal portion of the repayment of the debenture on the Tallah Building and offset by the development of the soccer field.

The decentralized budget accumulated surplus consists of funds, which are committed to or designated to specific purposes. The majority of these funds are professional development obligations carried forward under the terms of employment contracts. Other significant amounts in the decentralized budget accumulated surplus are school-based funds. Decisions on expenditure of school based funds are made by individual schools under YCS' School Based Decision Making Procedure.



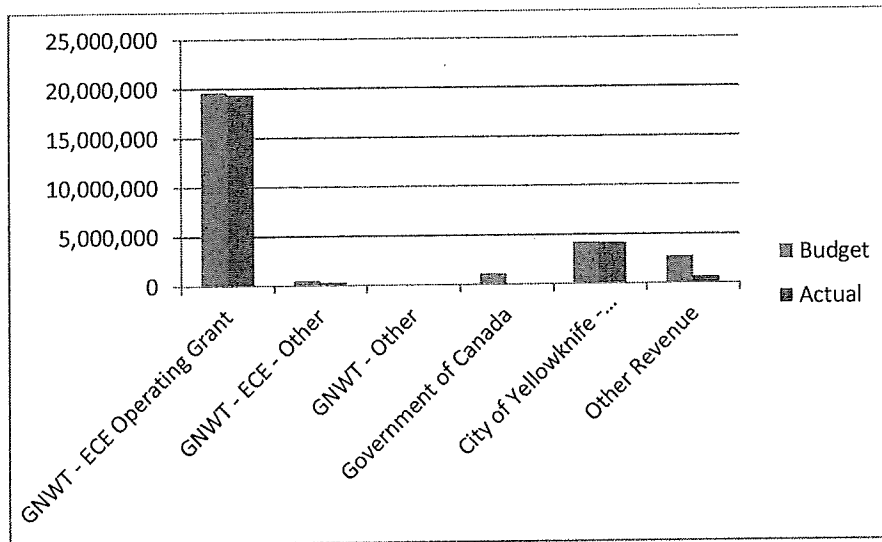
# Yellowknife Catholic Schools

## Budget Variance

### Revenue

In the 2018-2019 fiscal year, an annual deficit of \$1,391,725 was budgeted and the actual deficit was \$354,469. The budgeted revenue for 2018-2019 was \$24,595,997 and the actual revenue was \$26,501,269. The increase in revenue is due to increased core and other contributions from the Government of Education, Culture and Employment. The Jordan's Principle funding was not anticipated when the budget was prepared and resulted in an increased revenue of \$1,064,122. The revenue also includes the proceeds from the insurance company for the fire at Central Services.

### Revenue – Current year (Actual) vs Budget



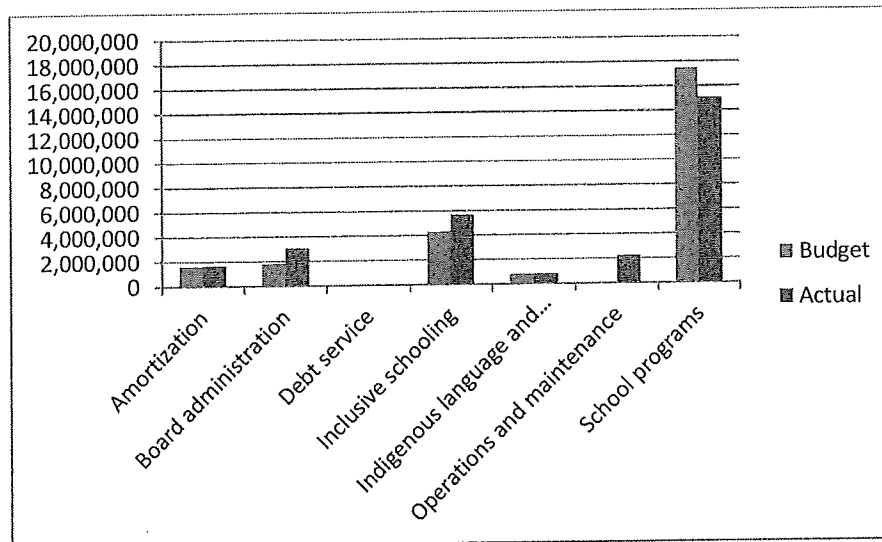


# Yellowknife Catholic Schools

## Expenditures

The budgeted expenditures for the 2018-2019 fiscal year were \$25,989,722 and the actual expenditures were \$26,873,682 resulting in a variance of \$883,960. The variance is due to the increased funding of for 17.50 classroom assistants from Jordan's Principle and the expenses related to the fire at Central Services.

## Expenditures – Budget vs. Actual





# Yellowknife Catholic Schools

## Summary and Outlook

The 2019-2020 school year will be an exciting year at all three schools. We will continue to focus on 21<sup>st</sup> century learning skills. This year we continue the theme of Merciful Hearts, with the specific focus on Mercy that Serves.

As our population is growing, we are challenged by our space needs. The Department of Education, Culture and Employment has built three portables at École St. Joseph School to help with the growing population.

We continue to struggle with the special needs requirements in the classroom. Due to financial constraints, we are unable to increase the number of classroom assistants.

In the budget for 2019-2020, the Trustees committed to supporting all the present programs and positions at Yellowknife Catholic Schools. The Trustees and administration will continue to work together to provide the best education while being fiscally responsible.

The Board of Trustees and senior staff will work on a strategic plan for the next five years.

In the 2019-2020 school year, we will welcome Ms. Simone Gessler as the Superintendent and Mr. Pat Sullivan as the Assistant Superintendent – Learning.

YCS has a healthy operating fund surplus for the year and strong cash position that will allow us to continue to operate in a financially prudent manner in the future. YCS will continue to be challenged to provide quality education in a fiscally responsible manner. While we are faced with financial constraints, we will ensure that today's dollars are spent on today's students. This will ensure that all of our students are prepared for their exciting lives.

To the Minister of Education, Culture and Employment  
Government of the Northwest Territories

**Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2019**


The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Yellowknife Catholic Schools (YCS) in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Yellowknife Catholic Schools have been conducted within the statutory powers of the Education Authority. The operations and administration of the Education Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Authority Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Yellowknife Catholic Schools.

 Superintendent

 Assistant Superintendent - Business

September 19, 2019



## **Independent Auditors' Report**

**To the Minister of Education, Culture and Employment  
Government of the Northwest Territories**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Yellowknife Public Denominational District Education Authority ("Yellowknife Catholic Schools"), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of its operations, consolidated changes in net assets (debt) and its consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Yellowknife Catholic Schools as at June 30, 2019, 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 consolidated Financial Statements section of our report. We are independent of the Yellowknife Catholic Schools 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 Annual Financial Report, but does not include the consolidated financial statements and our auditors' 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 Yellowknife Catholic Schools'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 Yellowknife Catholic Schools or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Yellowknife Catholic Schools's financial reporting process.

***Auditors' 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 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 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 Yellowknife Catholic Schools'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 Yellowknife Catholic Schools'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 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 auditors' report. However, future events or conditions may cause the Yellowknife Catholic Schools 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.

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***

In conjunction with the audit of the financial statements, we have audited transactions of the Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Government of the Northwest Territories - Department of Education, Culture and Employment.

In our opinion, the transactions of the Authority 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.

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

A handwritten signature in black ink, appearing to read "Crowe Mackenzie LLP".

**Yellowknife, Northwest Territories  
September 19, 2019**

**Chartered Professional Accountants**

**Yellowknife Catholic Schools**  
**(Yellowknife Public Denominational District Education Authority)**

**Consolidated Statement of Financial Position**

As at June 30,	2019	2018
<b>Financial Assets</b>		
Cash and cash equivalents (Note 4)	\$ 6,682,134	\$ 6,348,211
Due from the Government of Canada (Note 12)	215,560	112,451
Accounts receivable (Note 8)	881,830	118,799
	<b>7,779,524</b>	<b>6,579,461</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	660,260	874,980
Payroll benefits payable	18,636	172,841
Due to the Government of Canada (Note 12)	30,933	436,752
Pensions (Note 14)	70,300	138,900
Long-term debt (Note 15)	629,257	732,131
Deferred revenue (Note 10)	498,838	-
Post-employment benefits and compensated absences (Note 16)	1,043,566	973,137
Accrued payroll liabilities (Note 10)	2,972,366	2,599,982
	<b>5,924,156</b>	<b>5,928,723</b>
<b>Net Asset</b>	<b>1,855,368</b>	<b>650,738</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 18)	39,750,211	41,245,434
Prepaid expenses and deposits (Note 19)	63,282	58,558
	<b>39,813,493</b>	<b>41,303,992</b>
<b>Accumulated Surplus</b>	<b>\$ 41,668,861</b>	<b>\$ 41,954,730</b>
<b>Represented By:</b>		
Operating fund surplus	\$ 2,266,834	\$ 988,200
Investment in tangible capital assets	39,120,954	40,513,307
Decentralized budget accumulated surplus	281,073	453,223
	<b>\$ 41,668,861</b>	<b>\$ 41,954,730</b>

**Contractual obligations and contingencies (Note 21 and 22)**

**Approved on behalf of the Board**

 Trustee

 Trustee

**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Consolidated Statement of Operations**

For the period ended June 30,	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Government of the Northwest Territories			
ECE - Regular contributions	\$ 19,393,697	\$ 19,643,279	\$ 20,035,065
ECE - Other contributions	335,500	521,009	657,746
<b>Total ECE contributions (Note 30)</b>	<b>19,729,197</b>	<b>20,164,288</b>	20,692,811
<b>GNWT - Other contributions (Note 31)</b>	-	83,210	91,790
<b>Total GNWT contributions</b>	<b>19,729,197</b>	<b>20,247,498</b>	20,784,601
<b>Government of Canada - grants and contributions</b>	-	<b>1,064,122</b>	-
<b>City of Yellowknife - property tax requisitioned</b>	<b>4,174,000</b>	<b>4,188,905</b>	4,160,923
<b>Other Education Authorities</b>			
Extra-jurisdictional tuition	<b>150,000</b>	86,544	150,934
<b>Education authority generated funds</b>			
Rentals	180,000	139,444	159,684
Fees and sales	302,800	144,637	163,940
Investments	60,000	135,405	86,983
Donations	-	40,752	64,150
Other	-	540,506	595,797
<b>Total generated funds</b>	<b>542,800</b>	<b>1,000,744</b>	1,070,554
	<b>24,595,997</b>	<b>26,587,813</b>	26,167,012
<b>Expenditures</b>			
Amortization (Schedule 1)	1,600,000	1,640,149	1,798,010
Board administration (Schedule 1)	1,798,361	1,379,691	1,624,154
Debt service (Schedule 1)	8,174	17,028	20,755
Inclusive schooling (Schedule 2)	4,296,029	5,709,862	4,292,004
Indigenous languages and culture (Schedule 3)	841,387	828,626	910,384
Operations and maintenance (Schedule 1)	-	2,228,886	2,212,506
School programs (Schedule 1)	17,445,771	15,069,440	15,130,494
	<b>25,989,722</b>	<b>26,873,682</b>	25,988,307
<b>Annual operating surplus (deficit) before other items</b>	<b>(1,393,725)</b>	<b>(285,869)</b>	178,705
<b>Other items</b>			
Proceeds on fire damages insurance claims	-	<b>1,636,833</b>	-
Costs of fire damages repairs	-	<b>(1,636,833)</b>	-
<b>Annual surplus (deficit)</b>	<b>(1,393,725)</b>	<b>(285,869)</b>	178,705
<b>Opening accumulated surplus</b>	<b>41,954,730</b>	<b>41,954,730</b>	41,776,025
<b>Closing accumulated surplus</b>	<b>\$ 40,561,005</b>	<b>\$ 41,668,861</b>	\$ 41,954,730

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Consolidated Statement of Changes in Net Assets (Debt)**

For the period ended June 30,	2019 Budget	2019 Actual	2018 Actual
<b>Annual Surplus (deficit)</b>	\$(1,393,725)	\$ (285,869)	\$ 178,705
Acquisition of tangible capital assets	-	(144,922)	(94,559)
Amortization of tangible capital assets	1,600,000	1,640,149	1,798,010
Change in prepaid expenses and deposits	-	(4,728)	(19,200)
<b>Increase in net assets</b>	<b>206,275</b>	<b>1,204,630</b>	1,862,956
<b>Net assets (debt), beginning of year</b>	<b>650,738</b>	<b>650,738</b>	(1,212,218)
<b>Net assets, end of year</b>	<b>\$ 857,013</b>	<b>\$ 1,855,368</b>	\$ 650,738

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Consolidated Statement of Cash Flows**

For the period ended June 30,	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating transactions</b>		
Operating surplus (deficit)	\$ (285,869)	\$ 178,705
Items not affecting cash:		
Amortization	1,640,149	1,798,010
	<b>1,354,280</b>	<b>1,976,715</b>
<b>Changes in non-cash working capital items</b>		
Decrease (increase) in due from the Government of Canada	(103,109)	20,358
Decrease (increase) in accounts receivable	(763,031)	199,382
Increase (decrease) in accounts payable	(214,720)	269,833
Increase (decrease) in payroll benefits payable	(154,205)	(33,943)
Increase (decrease) in due to the Government of Canada	(405,819)	425,067
Increase (decrease) in pensions	(68,600)	37,600
Increase in deferred revenue	498,838	-
Increase in post-employment benefits	70,429	167,083
Increase (decrease) in accrued payroll liabilities	372,384	(42,786)
Increase in prepaid expenses	(4,728)	(19,200)
	<b>(772,561)</b>	<b>1,023,394</b>
<b>Financing transaction</b>		
Repayment of long-term debt	<b>(102,874)</b>	<b>(773,122)</b>
<b>Capital transaction</b>		
Acquisition of tangible capital asset	<b>(144,922)</b>	<b>(94,559)</b>
<b>Increase in cash and cash equivalents</b>	<b>333,923</b>	<b>2,132,428</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,348,211</b>	<b>4,215,783</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,682,134</b>	<b>\$ 6,348,211</b>

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Consolidated Statement of Accumulated Surplus**

For the period ended June 30,	2019	2018
<b>Operating Fund Surplus</b>		
Operating fund surplus, beginning of year	\$ 988,200	\$ 56,597
Annual surplus (deficit)	(285,869)	178,705
Transfer from investment in tangible capital assets	1,392,353	930,329
Transfer from (to) decentralized budget accumulated surplus	172,150	(177,431)
<b>Operating fund surplus, end of year</b>	<b>\$ 2,266,834</b>	<b>\$ 988,200</b>
Transfer from Investment in Tangible Capital Assets consists of:		
Amortization	\$ 1,640,149	\$ 1,798,010
Capital acquisitions	(144,922)	(94,559)
Debenture principal repayment	(102,874)	(773,122)
	<b>\$ 1,392,353</b>	<b>\$ 930,329</b>
<b>Investment in Tangible Capital Assets</b>		
Investment in tangible capital assets, beginning of year	\$ 40,513,307	\$ 41,443,636
Amortization	(1,640,149)	(1,798,010)
Capital acquisitions	144,922	94,559
Debenture principal repayment	102,874	773,122
<b>Investment in tangible capital assets, end of year</b>	<b>\$ 39,120,954</b>	<b>\$ 40,513,307</b>
<b>Decentralized Budget Accumulated Surplus</b>		
Decentralized budget accumulated surplus, beginning of year	\$ 453,223	\$ 275,792
Transferred from (to) operating fund surplus	(172,150)	177,431
<b>Decentralized budget accumulated surplus, end of year</b>	<b>\$ 281,073</b>	<b>\$ 453,223</b>
<b>Total Accumulated Surplus</b>	<b>\$ 41,668,861</b>	<b>\$ 41,954,730</b>



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# Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

## Notes to Consolidated Financial Statements

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June 30, 2019

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### 1. Nature of the Organization

Yellowknife Public Denominational District Education Authority, Yellowknife Catholic Schools ("YCS") was established in July 1951 and is presently the only Catholic school board in the Northwest Territories. A full range of instructional programs ranging from Junior Kindergarten through Grade 12 is offered by the YCS.

YCS is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the YCS includes all aspects of operation and management relating to Catholic education within the boundaries of the City of Yellowknife. The Board of Trustees is the lowest (and sole) level of government exercising oversight responsibility. The consolidated financial statements of the YCS are not included in the financial statements of the City of Yellowknife as the YCS trustees are a separate governing body that is not under the control of the City of Yellowknife. The City of Yellowknife, however, does collect and remit property taxes requisitioned by the Board.

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity, which is composed of all organizations which are controlled by YCS. These organizations include the three schools, a maintenance shop and the Kimberlite Career and Technical Centre.

The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

YCS uses fund accounting to separate transactions between its Operating fund surplus, Investment in tangible capital assets and Decentralized budget accumulated surplus.

#### Operating Fund Surplus

The Operating fund surplus is the general operating fund of the YCS in which all transactions concerned with current operations are recorded. Substantially all territorial, local (primarily property tax), and other operating revenue is accounted for in the Operating fund surplus. In accordance with accounting principles that are considered appropriate for organizations of this type, tangible capital assets acquired and debenture debt repayment that are financed with operating funds are treated as expenditures in the Operating fund surplus and then transferred to the Investment in tangible capital asset fund. The Operating fund also accounts for expenditures and contributions to or from other funds (transfers) which provide for day-to-day operations.

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**2. Significant Accounting Policies (continued)**

**(a) Basis of Accounting (continued)**

**Operating Fund Surplus (continued)**

In summary, the Operating fund surplus is used to account for all financial activities except those accounted for in the Investment in tangible capital assets fund and Decentralized budget accumulated surplus.

**Investment in Tangible Capital Assets**

The Investment in tangible capital assets fund is used to account for financial transactions related to the acquisition of tangible capital assets in excess of \$50,000.

Properties are carried at cost at the date of acquisition and amortization is recorded in the accounts. The cost of additions and repayment of debentures or other long-term debt is charged to the Investment in tangible capital assets fund. This results in a corresponding increase in the equity in tangible capital assets. Other additions are initially charged to the statement of operations.

**Decentralized Budget Accumulated Surplus**

The Decentralized budget accumulated surplus fund represents specific amounts eligible for carry-over to subsequent years for each school.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

**(c) 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.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, and due from the Government of Canada.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, due to the Government of Canada, long-term debt, payroll benefits payable and accrued payroll liabilities.

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**2. Significant Accounting Policies (continued)**

**(c) Financial Instruments (continued)**

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.

**(d) Non-Financial Assets**

Prepaid expenses and other non-financial assets are accounted for as assets by YCS because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of YCS.

**(e) Tangible Capital Assets**

Tangible capital assets acquired for more than \$50,000 are capitalized and amortized. Tangible capital assets are recorded at cost plus any betterments less accumulated amortization. The cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The buildings, portables and equipment will be amortized using the straight line method, based on their useful life. The buildings, portables and equipment have useful lives of 40, 25 and 10 years respectively. Any additions to the buildings and portables will be amortized over the remaining useful life of the assets.

Capital facilities planning and construction with certain exceptions are funded by the Government of the Northwest Territories and subject to their capital planning and approval process. Capital contributions received but not spent at year-end are recorded as deferred revenue.

**(f) Revenue Recognition**

**Government Transfers**

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

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

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**2. Significant Accounting Policies (continued)**

**(f) Revenue Recognition (continued)**

**Government Transfers (continued)**

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are recognized as acquired or built.

**GNWT - Regular Contributions**

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment, and are received in monthly installments. YCS retains surpluses and are responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

The YCS is economically dependent on the GNWT to provide funding for continued operations.

**Local Tax Revenue**

The *Education Act*, by virtue of Section 136(2), empowers a Board of Education to determine the amount, after taking into consideration territorial grants and other revenue, that is to be requisitioned from the municipality within the territory under the jurisdiction of the Board. This requisitioned amount is one portion of the property tax paid annually by property owners.

The City of Yellowknife is advised subsequent to the adoption of the budget of the amount of the requisition of the YCS and is responsible for the collection of taxes.

Section 136(4) of the *Education Act* requires the amount requisitioned to be paid to the YCS in equal quarterly installments on or before the first day of the months of June, September, December and March.

**Other Contributions**

YCS follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Tuition fees revenue is recognized as educational services are provided. Insurance proceeds relating to ongoing expenses are recognized as the expenses are incurred. Insurance proceeds relating to building and equipment loss are recognized at the date of loss. Revenue from rentals is earned as the facilities are used. Other revenue is recorded as the service is provided and receipt is reasonably assured.

**Deferred Revenue**

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**2. Accounting Policies (continued)**

**(f) Revenue Recognition (continued)**

**Investment Income**

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

**Special Purpose Funds**

School activity funds which are fully controlled by YCS with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples may include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than YCS are not included even if custody of the funds are held by YCS. Examples of excluded funds might be student clubs or associations for which YCS has on going responsibility of liability for losses.

**(g) Budget Data**

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Authority and the budget is legally adopted by a motion of the Board in accordance with Section 135 (3) of the *Education Act*.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the YCS.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

**(h) Measurement Uncertainty**

The preparation of consolidated 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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**2. Accounting Policies (continued)**

**(i) Inventories Including Materials and Supplies**

Inventories of books, materials, supplies and other expendables purchased by YCS are treated as expenditures during the year of acquisition and are not recorded on the consolidated statement of financial position.

**(j) Payroll Liabilities**

Payroll costs for teachers are accrued for July and August. Payroll costs for members of the Union of Northern Workers (UNW) and employees who work for 10 and 11 months during the fiscal year are accrued as appropriate.

**(k) Employee Future Benefits**

**i) Post-employment benefits**

YCS provides post-employment benefits for certain employees pursuant to certain contracts and collective agreements. These include removal assistance, severance, long and short term disability, and sick leave.

Teachers and UNW employees leaving Yellowknife within one year of the date of resignation, after completing a minimum of two years experience with YCS, will receive removal assistance of \$1,500 plus \$400 for each year of consecutive service with YCS, excluding years on deferred salary leave. Teachers who leave the employment of YCS after twenty years of consecutive service will receive an additional payment of \$2,000. This benefit is considered to vest and accumulate. YCS recognizes a liability and expense for this post-employment benefit in the period in which teachers and UNW employees render services to YCS.

YCS recognizes a liability and an expense for post-employment benefits and compensated absences that do not vest or accumulate when the event that obligates YCS occurs. This includes benefits to employees in the event of an accident or injury. The benefit would be accrued when the accident or injury occurs.

**ii) Sick leave**

Sick leave benefits accumulate but do not vest and are normally paid only upon an illness or injury-related absence. Such benefits are obligations and would be recognized. The actuarial company hired by the GNWT conducted a review and has estimated the sick leave obligation as at June 30, 2019.

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**2. Accounting Policies (continued)**

**(k) Employee Future Benefits (continued)**

**iii) Pensions**

Prior to May 1, 2013 all indeterminate full-time employees had the option to participate in a Defined Contribution (DC) pension plan. YCS contributions to this plan were recognized as an expense on a current year basis and represented YCS total pension obligations.

Effective May 1, 2013 the YCS added a Defined Benefit (DB) provision to the Pension Plan for the employees of Yellowknife Catholic Schools. The pension benefits under the DB provision are reported on an actuarial basis. This is done to determine the current value of future entitlements and uses various assumptions. When actual experience varies from assumptions, the resulting gains or losses are amortized on a straight line basis over the estimated average remaining service lives of the contributors.

**(l) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include entitlements and grants and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**(m) Foreign Currency Translation**

Foreign currency transactions are to be translated in Canadian dollars. Revenues and expenses denominated in a foreign currency are reported at a rate in the date of the transaction. Monetary items that have yet to be settled at the exchange rate are translated at the exchange rate in effect on the date of financial statements. Exchange gain or loss resulting from foreign exchange rate would be accounted for in the financial statements.

**(n) Employee Benefit Plans**

The YCS contributes 100% of the premiums related to life insurance, long-term disability insurance and extended health care benefits for eligible employees, in accordance with negotiated salary agreements and employment practices. In addition, the YCS contributes 100% of the premiums related to dental insurance in accordance with negotiated salary agreements and employment practices. Employee and employer contributions are made on behalf of all employees for statutory federal deductions related to Canada Pension Plan and Employment Insurance.

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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**2. Accounting Policies (continued)**

**(o) 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. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; YCS is directly responsible or accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2019.

At each financial reporting date, Management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. Management at YCS has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

**(p) Net Asset (Debt)**

YCS's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of YCS is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

**(q) Segment disclosure**

The Schedule of Operating Fund - Detail of Expenditures has been prepared in accordance with PS Handbook Section PS2700 - Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expenditure activities of the Board. For each reported segment, revenue and expenditures represent amounts directly attributable to each segment. Segments include:

**School Programs:** pertains to the provision of instructional services that fall under the basic public education mandate.

**Inclusive Schooling:** pertains to access to quality education for all students by effectively meeting their diverse needs.

**Operations and Maintenance:** pertains to the operations and maintenance of all YCS buildings and facilities.

**Board Administration:** pertains to the provision of board governance and central office administration.

**Indigenous Languages:** pertains to indigenous language resource development, support of language teachers and community engagement.

**Transfers and others:** pertains to amortization, debenture interest and gain or loss on sale (disposal) of tangible capital assets.



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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**3. Future Accounting Changes**

**Asset Retirement Obligations, Proposed Section PS 3280**

This section will be effective for fiscal years beginning on or after July 1, 2021 and it 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. This section would require public sector entities to review existing contract, legislation, regulations, and other resources to identify retirement activities associated with its controlled tangible capital assets.

**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, 2022. Earlier adoption is permitted.

**Student Activity Funds**

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of Yellowknife Catholic Schools in the future.

**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

**June 30, 2019**

**4. Cash and Cash Equivalents**

	2019	2018
Cash	\$ 6,682,134	\$ 6,348,211

The cash is held in a bank account with the Canadian Imperial Bank of Commerce (CIBC) and is invested with the GNWT's investment pool.

**5. Special Purpose Funds**

YCS does not have special purpose funds.

**6. Restricted Assets**

YCS does not have any restricted assets.

**7. Portfolio Investments**

YCS does not have any portfolio investments.

**8. Accounts Receivable**

	Accounts Receivable	AFDA	Net 2019	Net 2018
Due from GNWT	\$ 18,540	\$ -	\$ 18,540	\$ 35,775
Due from other	850,588	-	850,588	77,156
Due from related parties	12,702	-	12,702	5,868
<b>Total</b>	<b>\$ 881,830</b>	<b>\$ -</b>	<b>\$ 881,830</b>	<b>\$ 118,799</b>

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**9. Accounts Payable and Accrued Liabilities**

	<b>2019</b>	<b>2018</b>
Damage deposits	\$ 3,660	\$ 1,611
Due to GNWT	1,473	5,435
Due to Workers' Safety and Compensation Commission	1,351	13,245
Other - fire liability	-	273,836
Trades payable	653,776	580,853
	<b>\$ 660,260</b>	<b>\$ 874,980</b>

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**Payroll Liabilities**

Teachers - Northwest Territories Teachers' Association	\$ 2,346,857	\$ 2,098,034
Non-Teacher - Union of Northern Workers	625,509	501,948
	<b>\$ 2,972,366</b>	<b>\$ 2,599,982</b>

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**10. Deferred Revenue**

	<b>2019</b>	<b>2018</b>
Government of Canada - First Nations and Inuit Health Branch - Jordan's Principle	\$ 498,838	\$ -

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

June 30, 2019

**11. Contribution Repayable**

YCS does not have any contribution repayable.

**12. Due from and to the Government of Canada**

	Accounts Receivable		AFDA	Net 2019		Net 2018		
<b>Receivable</b>								
First Nations and Inuit Health Branch	\$	88,052	\$	-	\$	88,052	\$	-
GST receivable		127,508		-		127,508		112,451
	\$	<b>215,560</b>	\$	<b>-</b>	\$	<b>215,560</b>	\$	<b>112,451</b>
<b>Payable</b>								
GST payable	\$	30,933	\$	-	\$	30,933	\$	21,381
Receiver General		-		-		-		415,371
	\$	<b>30,933</b>	\$	<b>-</b>	\$	<b>30,933</b>	\$	<b>436,752</b>

**13. Capital Lease Obligations**

YCS does not have any capital lease obligations.

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**14. Pensions**

**(a) Defined Contribution Plan**

Since January 1, 1966 Yellowknife Catholic Schools indeterminate staff have had the option to participate in a voluntary Defined Contribution (DC) pension plan. Since January 1, 1988, that participation has been in the Pension Plan for the Employees of Yellowknife Catholic Schools (the Plan).

All DC assets of the Plan are held by a Trustee in favour of individual employees. The only obligation to YCS is to match employee contributions. YCS fully funds its DC obligation under the Plan each month. YCS did not have any liability under the DC provision of the Plan as of June 30, 2019.

Effective May 1, 2013 teaching and non-union staff could no longer contribute to the DC provision. Instead all indeterminate teaching and non-unionized staff joined a new Defined Benefit (DB) provision of the Plan. Effective July 1, 2013, all indeterminate unionized non-teaching staff also ceased to make contributions to the DC provision and joined the DB provision of the Plan. After July 1, 2013, there are no employees making contributions to the DC provision.

DC assets of the Plan will continue to be held in Trust for the individual employees unless they either elect to transfer their DC account to the DB provision or leave the employment of Yellowknife Catholic Schools.

No assets or liabilities related to the DC provision are recorded in the financial statements of Yellowknife Catholic Schools.

**(b) Defined Benefit Plan**

Effective May 1, 2013 a Defined Benefit (DB) provision was added to the Pension Plan for the Employees of Yellowknife Catholic Schools.

Summary of Defined Benefit provision:

Each permanent full-time employee, belonging to an eligible class of employees, automatically becomes a Member of the plan as of the first day of employment with YCS.

Each permanent part-time employee, belonging to an eligible class of employees, automatically becomes a Member of the plan if the employee earns at least 37% of the equivalent full-time earnings for his or her particular position.

All Members and the Employer have agreed to share the cost of benefits accrued annually, plus the administrative expenses of the DB plan in the following ratio:

- Employer 52.38%
- Employee 47.62%

Members are required to make contributions at 8.80% of earnings below the Year's Maximum Pensionable Earnings (YMPE) and 11.60% of earnings above YMPE. The YMPE for the 2019 calendar year is \$57,400 (2018 - \$55,900).

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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June 30, 2019

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**14. Pensions (continued)**

**(b) Defined Benefit Plan (continued)**

The employer must contribute to the DB pension trust fund each year no less than its portion of the total current service cost as determined by the Actuary. In addition, YCS shall contribute to the Solvency Account such additional amounts as may be required, based on the advice of the Actuary, to amortize any going concern unfunded liabilities and solvency deficiencies of the Plan.

Normal retirement date for an employee is when they terminate employment with YCS having reached the age of 65. An employee would be entitled to an unreduced early retirement date when the Members' age plus years of service at YCS total 90. A Member may elect to retire up to 10 years prior to their normal retirement date or their unreduced retirement date and take a reduced pension benefit.

The annual pension payable to Member who retires at the normal retirement date is equal to 1.30% of the Member's Best Average Pensionable Earnings up to the Average YMPE plus 2% of the Member's Best Average Pensionable Earnings in excess of the Average YMPE, multiplied by years of Pensionable Service. Pensionable Earnings and the YMPE are averaged over the best 10 years prior to termination, death or retirement.

The plan provides inflation protection during retirement at 75% of the increase in Northwest Territories Consumer Price Index.

Benefits are vested immediately.

During fiscal 2018/2019 Yellowknife Catholic Schools contributed \$1,526,682 (\$1,477,634 in fiscal 2017/2018) in respect of DB accruals.

The date of the most recent actuarial valuation of the Plan is June 30, 2018. The Accrued Benefit Obligation was calculated using the projected unit credit method, pro-rated on service.

The DB Pension Trust fund assets are recorded at fair market value.

**(c) Supplementary Defined Benefit Pension Plan**

The supplementary plan applies to the Superintendent and the Assistant Superintendents. The supplementary plan provides a pension benefit for pensionable earnings in excess of the defined benefit limit set out in the Income Tax Act. This plan is a non-contributory plan and is not funded until the employee terminates their employment from Yellowknife Catholic Schools. The employer is responsible to provide a pension at retirement equivalent to what the employee would have earned under the Defined Benefit provision of the Pension Plan for the Employees of Yellowknife Catholic schools if there were no *Income Tax Act* maximum pension limits in place. The Accrued Benefit Obligation was calculated using the projected unit credit method, pro-rated on service.

**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

**June 30, 2019**

**14. Pensions (continued)**

*Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2019 is as follows:*

**(d) Plan assets**

	Pension Plan	Supplementary Plan	2019
Fair value, beginning of year	\$ 19,969,400	\$ -	\$ 19,969,400
Expected return on plan assets	1,002,400	-	1,002,400
Employer contributions	1,867,200	-	1,867,200
Employee contributions	1,386,200	-	1,386,200
Employee prior service contributions	-	-	-
Benefit payments and expenses	(987,100)	-	(987,100)
Experience (loss) gain	(508,100)	-	(508,100)
<b>Fair value, end of year</b>	<b>\$ 22,730,000</b>	<b>\$ -</b>	<b>\$ 22,730,000</b>

**(e) Accrued benefit obligations**

	Pension Plan	Supplementary Plan	2019
Balance, beginning of year	\$ 18,275,300	\$ 145,700	\$ 18,421,000
Current service cost	2,675,800	23,800	2,699,600
Interest cost on accrued benefit obligation	971,700	2,000	973,700
Employer prior service cost	-	-	-
Employee prior service cost	-	-	-
Benefit payments and expenses	(987,100)	-	(987,100)
(Gains) / losses on accrued benefit obligation	(159,000)	(101,200)	(260,200)
<b>Balance, end of year</b>	<b>\$ 20,776,700</b>	<b>\$ 70,300</b>	<b>\$ 20,847,000</b>

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# Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

## Notes to Consolidated Financial Statements

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June 30, 2019

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### 14. Pensions (continued)

#### (f) Funded status

	Pension Plan	Supplementary Plan	2019
Plan surplus / (deficit)	\$ 1,953,300	\$ (70,300)	\$ 1,883,000
Unrecognized (gains) losses	308,500	-	308,500
Accrued benefit asset (liability) before limit on assets	2,261,800	(70,300)	2,191,500
Impact of limit on assets	(2,261,800)	-	(2,261,800)
<b>Accrued benefit asset (liability) after limit on assets</b>	<b>\$ -</b>	<b>\$ (70,300)</b>	<b>\$ (70,300)</b>

#### (g) Determination of pension cost

	Pension Plan	Supplementary Plan	2019
Current service cost	\$ 1,289,600	\$ 23,800	\$ 1,313,400
Interest on accrued benefit obligation	(30,700)	2,000	(28,700)
Amortization of losses / (gains)	100	700	800
Extraordinary items	-	(95,100)	(95,100)
Change in valuation allowance	608,200	-	608,200
<b>Pension expense</b>	<b>\$ 1,867,200</b>	<b>\$ (68,600)</b>	<b>\$ 1,798,600</b>



**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

June 30, 2019

**14. Pensions (continued)**

*Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2018 is as follows:*

**(h) Plan assets**

	Pension Plan	Supplementary Plan	2018
Fair value, beginning of year	\$ 16,255,100	\$ -	\$ 16,255,100
Expected return on plan assets	835,600	-	835,600
Employer contributions	1,823,200	-	1,823,200
Employee contributions	1,351,100	-	1,351,100
Employee prior service contributions	-	-	-
Benefit payments and expenses	(500,500)	-	(500,500)
Experience (loss) gain	204,900	-	204,900
<b>Fair value, end of year</b>	<b>\$ 19,969,400</b>	<b>\$ -</b>	<b>\$ 19,969,400</b>

**(i) Accrued benefit obligations**

	Pension Plan	Supplementary Plan	2018
Balance, beginning of year	\$ 15,388,700	\$ 126,400	\$ 15,515,100
Current service cost	2,614,600	33,400	2,648,000
Interest cost on accrued benefit obligation	843,300	1,900	845,200
Employer prior service cost	-	-	-
Employee prior service cost	-	-	-
Benefit payments and expenses	(500,500)	-	(500,500)
(Gains) / losses on accrued benefit obligation	(70,800)	(16,000)	(86,800)
<b>Balance, end of year</b>	<b>\$ 18,275,300</b>	<b>\$ 145,700</b>	<b>\$ 18,421,000</b>

**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

June 30, 2019

**14. Pensions (continued)**

**(j) Funded status**

	Pension Plan	Supplementary Plan	2018
Plan surplus (deficit)	\$ 1,694,100	\$ (145,700)	\$ 1,548,400
Unrecognized (gains) losses	(40,500)	6,800	(33,700)
Accrued benefit asset (liability) before limit on assets	1,653,600	(138,900)	1,514,700
Impact on limit of assets	(1,653,600)	-	(1,653,600)
<b>Accrued benefit asset (liability)</b>	<b>\$ -</b>	<b>\$ (138,900)</b>	<b>\$ (138,900)</b>

**(k) Determination of pension cost**

	Pension Plan	Supplementary Plan	2018
Current service cost	\$ 1,263,500	\$ 33,400	\$ 1,296,900
Interest on accrued benefit obligation	7,700	1,900	9,600
Amortization of losses/ (gains)	20,400	2,300	22,700
Extraordinary items	-	-	-
Change in valuation allowance	531,600	-	531,600
<b>Pension expense</b>	<b>\$ 1,823,200</b>	<b>\$ 37,600</b>	<b>\$ 1,860,800</b>

**(l) Actuarial assumptions**

	2019	2018
Discount rate - pension plan	4.75%	4.75%
Discount rate - supplementary plan	1.20%	1.20%
Expected return on plan assets - pension plan	4.75%	4.75%
Expected return on plan assets - supplementary plan	n/a	n/a
Salary increase - pension plan	2.00%	2.00%
Salary increase - supplementary plan	2.00%	2.00%
Mortality table	100% of the CPM 2014 table *	100% of the CPM 2014 table *
Expected average remaining services lifetime (EARSL) - pension plan	13.4 Years	13.6 Years
Expected average remaining services lifetime (EARSL) - supplementary plan	0 Years	9.8 Years

\* 2019 - 100% of the 2014 Canadian Pensioners' Public Sector Mortality Table with projection scale CPM-B;  
 2018 - 100% of the 2014 Canadian Pensioners' Public Sector Mortality Table with projection scale CPM-B.

**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

**June 30, 2019**

**14. Pensions (continued)**

(m) Plan assets consist of:

	2019	2018
Fixed income securities	60%	60%
Equity securities	40%	40%

**15. Long-Term Debt**

Government of the Northwest Territories debenture, repayable in monthly instalments of \$10,000 including interest. Interest rate consistent with GNWT cost of borrowing at a current rate of 2.30%. If rates do not change, the final instalment will be due in 2025.

	2019	2018
	\$ 629,257	\$ 732,131

The debenture are repayable annually as follows:

2020	\$ 106,605
2021	109,119
2022	111,655
2023	114,250
2024 and thereafter	187,628

**\$ 629,257**

The debentures are registered.

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**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**16. Post-Employment Benefits and Compensated Absences**

In addition to pension benefits, the YCS provides severance, removal and compensated absence (sick, accident or injury, special) 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 YCS employees based on the appropriate combinations that include inputs such as when the employee was hired, the rate of pay, and the number of years of continuous employment. Removal benefits are paid to YCS employees based on the number of years of continuous employment. The benefits under these two categories were actuarially 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. Non-accruing benefits include maternity. Benefits that accrue under compensated absence were actuarially valued using the expected utilization methodology.

**Valuation results**

The actuarial valuation was completed as at March 31, 2019. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 15, 2019 and the results extrapolated to June 30, 2019. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

**Yellowknife Catholic Schools**  
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**Notes to Consolidated Financial Statements**

June 30, 2019

**16. Post-Employment Benefits and Compensated Absences (continued)**

**Reconciliation of Accrued Benefit Obligation**

	Severance and removal	Compensated absences	2019	2018
Accrued benefit obligation, beginning of year	\$ 662,732	\$ 269,688	\$ 932,420	\$ 1,523,994
Current service cost	49,289	18,668	67,957	87,302
Interest cost	23,757	9,928	33,685	46,119
Benefits paid	(30,188)	(6,899)	(37,087)	(60,554)
Plan amendments	104,364	132,289	236,653	(669,139)
Actuarial gains/losses				4,698
Accrued benefit obligations, end of year	809,954	423,674	1,233,628	932,420
Unamortized net actuarial gain/loss	59,003	(249,065)	(190,062)	40,717
<b>Accrued benefit liability</b>	<b>\$ 868,957</b>	<b>\$ 174,609</b>	<b>\$ 1,043,566</b>	<b>\$ 973,137</b>

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**16. Post-Employment Benefits and Compensated Absences (continued)**

**Benefits Expense**

	Severance and removal		Compensated absences		2019		2018	
Current service cost	\$	49,289	\$	18,668	\$	67,957	\$	87,302
Interest cost		23,757		9,926		33,683		46,119
Amortization of net actuarial (gain)/loss		(22,608)		28,484		5,876		89,519
Plan amendment								4,698
<b>Benefit expense, end of year</b>	<b>\$</b>	<b>50,438</b>	<b>\$</b>	<b>57,078</b>	<b>\$</b>	<b>107,516</b>	<b>\$</b>	<b>227,638</b>

The discount rate used to determine the accrued benefit obligation was an average of 3.20%, (2018 - 3.80%).  
 The expected payments during the next five fiscal years are:

	Severance and removal		Compensated absences		Total	
2020	\$	128,345	\$	51,261	\$	179,606
2021		82,031		33,927		115,958
2022		64,657		28,033		92,690
2023		55,388		24,529		79,917
2024		49,554		22,540		72,094
<b>Total</b>	<b>\$</b>	<b>379,975</b>	<b>\$</b>	<b>160,290</b>	<b>\$</b>	<b>540,265</b>

**17. Trust Assets Under Administration**

YCS does not have any trust assets under administration.

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## Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

### Notes to Financial Statements

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June 30, 2019

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#### 18. Tangible Capital Assets

	Cost	Additions	Disposals	Amortization	Accumulated Amortization	Net Book Value, June 30, 2019	Net Book Value June 30, 2018
<b>Land and Improvements</b>	\$ 1,838,825	\$ -	\$ -	\$ -	\$ -	\$ 1,838,825	\$ 1,838,825
<b>Equipment</b>	463,113	144,922	-	70,255	324,220	283,815	209,148
<b>Buildings and Portables</b>							
Career and Technical Centre	2,878,913	-	-	73,889	1,105,602	1,773,311	1,847,199
Central Services offices	1,048,460	-	-	41,700	660,368	388,092	429,790
Ecole St. Joseph School	37,333,024	-	-	786,534	14,201,161	23,131,863	23,918,396
Ecole St. Patrick High School	12,292,334	-	-	321,853	7,115,603	5,176,731	5,498,583
Tallah Building	621,027	-	-	15,757	104,864	516,163	531,921
Weledeh Catholic School	12,557,840	-	-	330,161	5,916,429	6,641,411	6,971,572
	66,731,598	-	-	1,569,894	29,104,027	37,627,571	39,197,461
	\$ 69,033,536	\$ 144,922	\$ -	\$ 1,640,149	\$ 29,428,247	\$ 39,750,211	\$ 41,245,434

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**19. Prepaid Expenses and Deposits**

	2019	2018
Prepays	\$ 63,282	\$ 58,558

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**20. GNWT Assets Provided At No Cost**

YCS does not have any GNWT assets provided at no cost.

**21. Contractual Obligations**

YCS has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2019.

YCS is committed to four janitorial contracts for various schools and buildings. All of the contracts expire in June 2020. YCS has a contract with First Canada ULC (o/a First Student Canada) for student transportation. The contract expired in June 2018 and was extended for a year until June 2020. YCS has various contracts for anti-virus software, courier services, elevator maintenance, employee assistance, PRI phone service, photocopiers, and postage machines.



**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**21. Contractual Obligations (continued)**

The future minimum payments are as follows.

	Expiry Date	2020	2021	2022	2023	Total
Anti-virus software	Aug 2021	\$ 6,685	\$ 6,685	\$ 557	\$ -	\$ 13,927
Courier services	June 2020	6,630	-	-	-	6,630
Elevator services	June 2021	8,860	6,645	-	-	15,505
Employee assistance	June 2020	7,682	-	-	-	7,682
Janitorial	June 2020	635,953	-	-	-	635,953
PRI Lines	June 2023	13,264	13,264	13,264	13,264	53,056
Photocopier	June 2023	19,180	10,897	298	298	30,673
Postage machine	June 2023	683	683	683	683	2,732
Student bussing	June 2020	400,000	-	-	-	400,000
		<b>\$ 1,098,937</b>	<b>\$ 38,174</b>	<b>\$ 14,802</b>	<b>\$ 14,245</b>	<b>\$ 1,166,158</b>

Yellowknife Catholic Schools have collective agreements with the Northwest Territories Teachers' Association and the Public Service Alliance of Canada as represented by its agent the Union of Northern Workers. A four year agreement with the Northwest Territories Teachers' Association was signed for the period from September 2016 to August 2020. A three year agreement with the Public Service Alliance of Canada as represented by its agent the Union of Northern Workers was signed for a period from July 2019 to June 2022.

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**22. Contingencies**

On July 15, 2019, YCS received a legal claim on a human rights violation reported by an employee. As of June 30, 2019, YCS assessed that the claim is likely to result in damages being paid to the defendant. As an estimate of the damage has not been completed by the year-end date, no liability has been recognized.

**23. Related Parties**

YCS has the following transactions with government and other government controlled organizations:

**Due to related parties:**

	2019	2018
<b>Government of the Northwest Territories</b>		
Department of Education, Culture and Employment	\$ 1,473	\$ 5,435

**Due from related parties:**

	Accounts Receivable	AFDA	2019	2018
<b>Government of the Northwest Territories</b>				
Aurora College	\$ 12,702	\$ -	\$ 12,702	\$ -
Department of Education, Culture and Employment	18,540	-	18,540	24,856
Department of Finance	-	-	-	10,920
NWT Health & Social Services - Yellowknife Region	-	-	-	4,944
	<b>31,242</b>		<b>31,242</b>	<b>40,720</b>
<b>Sahtu Divisional Education Council</b>	-	-	-	924
<b>Total due from related parties</b>	<b>\$ 31,242</b>	<b>\$ -</b>	<b>\$ 31,242</b>	<b>\$ 41,644</b>

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## Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

### Notes to Consolidated Financial Statements

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June 30, 2019

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#### 23. Related Parties (continued)

##### Revenue from related parties:

	2019	2018
<b>Government of the Northwest Territories</b>		
Department of Education, Culture & Employment	\$ 20,164,289	\$ 20,692,811
Department of Municipal and Community Affairs	\$ 65,150	\$ 63,525
Department of Health and Social Services	\$ 10,060	\$ 12,265
Department of Environment & Natural Resources	\$ 8,000	\$ 16,000
<b>Beaufort Delta Education Authority</b>	\$ 15,000	\$ 15,000
<b>Aurora College - Tallah building</b>	\$ 120,524	\$ 119,974
<b>Dettah District Education Authority</b>	\$ 86,544	\$ 150,934
<b>Sahtu District Education Authority</b>	\$ -	\$ 924

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**23. Related Parties (continued)**

**Expenses from related parties:**

	<b>2019</b>	<b>2018</b>
<b>Government of the Northwest Territories</b>		
Department of Education, Culture & Employment	\$ 6,360	\$ 8,575
Department of Infrastructure	\$ 2,678	\$ 2,824
Department of Finance - debenture	\$ 120,000	\$ 120,000
Department of MACA	\$ 662	\$ -
Department of Environment & Natural Resources	\$ 555	\$ 1,400
NWT Health & Social Services	\$ 7,090	\$ 6,375
<b>YK Education District No. 1</b>	\$ 1,691	\$ 1,641
<b>South Slave Divisional Education</b>	\$ 2,526	\$ -
<b>Dehcho Divisional Educational Council</b>	\$ 600	\$ 600

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**24. Budget Data**

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of YCS.

The budget figures presented are those approved by the Trustees of YCS on May 16, 2018 and have not been audited.

**25. Economic Dependence**

YCS receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that YCS operations would be significantly affected.

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**26. Risk Management**

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

**a) Credit risk**

Credit risk is the risk of financial loss to the YCS if a debtor fails to make payments of interest and principal when due. The YCS is exposed to this risk relating to its cash and cash equivalents, due from the Government of Canada, and accounts receivable. The YCS holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the YCS's cash in accounts are insured up to \$300,000.

Credit risk related to accounts receivable is mitigated by controls over arrears accounts for ultimate collection and policies in place for debt collection. YCS's maximum exposure to credit risk at March 31, 2019 is as follows:

	<b>2019</b>
Cash and cash equivalents	\$ 6,682,134
Due from Government of Canada	215,560
Accounts receivable	881,830
	-
Maximum credit risk exposure	<u>\$ 7,779,524</u>

At June 30, 2019, the following accounts receivable were past due but not impaired.

	30 days	60 days	90 days
<b>Accounts receivable</b>	<b>\$ 3,905</b>	<b>\$ -</b>	<b>\$ 23,638</b>

At June 30, 2019, YCS does not have any impaired accounts receivable.

YCS does have concentration of credit risk in its accounts receivable. 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 YCS in the event of a default. At June 30, 2019, receivables from three customers comprised 88% of the total outstanding receivable, YCS 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 method used to measure the risk.

**b) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. YCS has exposure to interest rate risk on its long-term debt of \$629,257 (2018 - \$732,131) may be adversely affected by a change in the interest rates.

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

**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

June 30, 2019

**26. Risk Management (continued)**

**c) Liquidity risk**

Liquidity risk is the risk that the YCS will not be able to meet all cash outflow obligations as they come due. The YCS 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.

The table below shows when various financial assets and liabilities mature.

<b>Financial assets</b>	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Cash and cash equivalents	\$ 6,682,134	\$ -	\$ -	\$ -
Due from the government of Canada	215,560	-	-	-
Accounts receivable	881,830	-	-	-
<b>Total assets</b>	<b>\$ 7,779,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total assets - prior year	\$ 6,579,461	\$ -	\$ -	\$ -
<b>Financial liabilities</b>	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 660,260	\$ -	\$ -	\$ -
Payroll benefits payable	18,636	-	-	-
Due to the Government of Canada	30,933	-	-	-
Long-term debt	53,302	53,303	335,024	187,628
Accrued payroll liabilities	2,972,366	-	-	-
<b>Total liabilities</b>	<b>\$ 3,735,497</b>	<b>\$ 53,303</b>	<b>\$ 335,024</b>	<b>\$ 187,628</b>
Total liabilities - prior year	\$ 4,138,091	\$ 58,289	\$ 460,939	\$ 159,367
<b>Net total</b>	<b>\$ 4,044,027</b>	<b>\$ (53,303)</b>	<b>\$ (335,024)</b>	<b>\$ (187,628)</b>
Net total - prior year	\$ 2,441,370	\$ (58,289)	\$ (460,939)	\$ (159,367)

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

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**27. Expenditures By Object**

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	Budget	Actual	Actual
Amortization	\$ 1,600,000	\$ 1,640,149	\$ 1,798,010
Compensation	20,443,210	21,392,174	20,016,415
Interest on long-term debt	8,174	17,028	20,755
Materials/freight	600,505	715,183	1,017,679
Services purchased/contracted	3,337,833	3,109,148	3,135,448
	<b>\$ 25,989,722</b>	<b>\$ 26,873,682</b>	<b>\$ 25,988,307</b>

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**28. Subsequent Events**

There were no subsequent events that have taken place between June 30, 2019 and the date the audit report was signed.

**29. Comparative Figures**

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

June 30, 2019

**30.ECE Contributions**

	2019	2018
<b>Original contribution</b>	\$ 19,393,697	\$ 19,593,033
SSI	103,000	103,000
Additional JK classroom materials	12,000	15,000
Weledeh debenture adjustments	-	(215,000)
Additional funding for JK implementation	-	146,000
Termination benefits	67,078	380,448
Mentorship release time	13,286	12,584
Mentorship release time	52,000	-
Senior management salary grid increase	2,218	-
<b>Updated contribution</b>	<b>\$ 19,643,279</b>	<b>20,035,065</b>
Aboriginal language	56,000	141,000
After school program subsidy	33,362	11,931
DELF	44,500	42,000
Extra French funding	16,027	20,250
French language funding	280,500	280,500
JK Funding	24,000	100,000
Labour Market Agreement for Persons with Disabilities	-	43,000
Official language	-	4,565
Self regulation	7,000	14,500
Health and wellness	28,620	-
Regional inclusive schooling	18,500	-
Youth with disabilities	12,500	-
<b>TOTAL</b>	<b>\$ 20,164,288</b>	<b>\$ 20,692,811</b>

**31.GNWT - Other Contributions**

	2019	2018
<b>Department of MACA</b>		
Active After School	\$ 48,150	\$ 45,900
Regional youth handgames	17,000	17,625
<b>Department of Health and Social Services</b>		
Drop the Pop	10,060	12,265
<b>Department of Environment &amp; Natural Resources</b>		
Take a Kid Trapping	8,000	16,000
<b>TOTAL</b>	<b>\$ 83,210</b>	<b>\$ 91,790</b>



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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**32. Contingent Assets**

YCS has the following contingent assets where the occurrence of the confirming future event is likely:

On March 15, 2018, there was a fire on the second floor of the YCS District Office. There was substantial damage to the second floor office space and smoke damage to the entire building. As of June 30, 2019, repairs have been completed with a total cost of \$1,636,833. As of June 30, 2019, insurance proceeds of \$867,135 has been collected. All insurance claims have been submitted to the insurance company for final approval. It is likely that the costs will be covered by the insurance claim.

**33. Contractual Rights**

YCS has entered into a number of contract that will become assets and revenues in the future when the terms of the contracts are met:

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 and beyond</b>	<b>Total</b>
Tallah Building	\$ 107,426	\$ 107,426	\$ -	\$ -	\$ 214,852

YCS has entered a rental agreement with Aurora College for the rental of the Tallah Building. The lease agreement expires on June 30, 2021.

**Yellowknife Catholic Schools**  
**(Yellowknife Public Denominational District Education Authority)**

**Schedule 1**  
**Operating Fund - Detail of Expenditures**

For the period ended June 30, 2019

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Board Administration	Indigenous Languages (Schedule 3)	Transfers & Others	Total 2019	Budget 2019	Total 2018
<b>Salaries</b>									
Teachers	\$9,535,718	\$1,547,788	\$ -	\$ -	\$ 432,148	\$ -	\$11,515,654	\$11,400,429	\$11,177,177
Instruction assistants	-	2,325,680	-	-	-	-	2,325,680	1,319,293	1,279,425
Non-instructional	1,084,023	284,508	276,158	776,188	166,900	-	2,587,777	2,596,087	2,955,074
Board honoraria	-	-	-	70,841	-	-	70,841	68,000	67,894
	<b>10,619,741</b>	<b>4,157,976</b>	<b>276,158</b>	<b>847,029</b>	<b>599,048</b>	<b>-</b>	<b>16,499,952</b>	<b>15,383,809</b>	<b>15,479,570</b>
<b>Employee Benefits</b>									
Employee benefits	3,127,347	1,291,264	80,199	244,226	118,998	-	4,862,034	5,039,401	4,526,919
Leave and termination benefits	30,188	-	-	-	-	-	30,188	20,000	9,926
	<b>3,157,535</b>	<b>1,291,264</b>	<b>80,199</b>	<b>244,226</b>	<b>118,998</b>	<b>-</b>	<b>4,892,222</b>	<b>5,059,401</b>	<b>4,536,845</b>
<b>Services Purchased/Contracted</b>									
Advertising/publishing	14,786	-	-	25,656	21,522	-	61,964	67,500	67,432
Communication	44,752	-	6,240	26,756	-	-	77,748	79,000	88,693
Contracted services	190,196	13,611	671,841	2,280	12,926	-	890,854	-	819,201
Maintenance & repairs	723	2,590	331,729	-	12,166	-	347,208	327,500	390,101
Other	97,331	-	13,323	31,995	-	-	142,649	1,317,433	217,705
Professional/technical	14,374	177,923	-	63,606	3,136	-	259,039	195,400	219,662
Rental/leases	32,981	-	-	6,420	-	-	39,401	50,000	49,810
Student transportation	408,131	3,704	-	-	-	-	411,835	487,500	412,678
Travel	1,889	-	-	27,165	-	-	29,054	27,000	34,266
Utilities: Electricity	-	-	427,677	-	-	-	427,677	430,000	425,737
Heating	-	-	322,393	-	-	-	322,393	255,000	303,983
Water/sewage	-	-	99,326	-	-	-	99,326	101,500	106,180
	<b>805,163</b>	<b>197,828</b>	<b>1,872,529</b>	<b>183,878</b>	<b>49,750</b>	<b>-</b>	<b>3,109,148</b>	<b>3,337,833</b>	<b>3,135,448</b>
<b>Materials/Freight</b>									
Materials	479,872	62,794	-	104,558	60,830	-	708,054	592,005	1,008,129
Freight	7,129	-	-	-	-	-	7,129	8,500	9,550
	<b>487,001</b>	<b>62,794</b>	<b>-</b>	<b>104,558</b>	<b>60,830</b>	<b>-</b>	<b>715,183</b>	<b>600,505</b>	<b>1,017,679</b>

Continued on next page

**Yellowknife Catholic Schools**  
**(Yellowknife Public Denominational District Education Authority)**

**Schedule 1 (Continued)**  
**Operating Fund - Detail of Expenditures**

**For the period ended June 30, 2018**

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Board Administration	Indigenous Languages (Schedule 3)	Transfers & Others	Total 2019	Budget 2019	Total 2018
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,640,149	\$ 1,640,149	\$ 1,600,000	\$ 1,798,010
Debenture Interest	-	-	-	-	-	17,028	17,028	8,174	20,755
	-	-	-	-	-	1,657,177	1,657,177	1,608,174	1,818,765
<b>Total</b>	<b>\$15,069,440</b>	<b>\$ 5,709,862</b>	<b>\$ 2,228,886</b>	<b>\$ 1,379,691</b>	<b>\$ 828,626</b>	<b>\$ 1,657,177</b>	<b>\$26,873,682</b>	<b>\$25,989,722</b>	<b>\$25,988,307</b>

**Yellowknife Catholic Schools**  
**(Yellowknife Public Denominational District Education Authority)**

**Schedule 2**  
**Detail of Inclusive Schooling Expenditures**

**For the period ended June 30, 2019**

	Staff Development	General Inclusive Schooling	Assistive Technology	Magnet Facilities	Total
<b>Salaries</b>					
Consultants	\$ -	\$ 72,153	\$ -	\$ -	\$ 72,153
Non-instructional	-	284,508	-	-	284,508
Support assistants	-	2,267,085	-	58,595	2,325,680
Teachers	22,380	1,345,792	-	107,463	1,475,635
	<b>22,380</b>	<b>3,969,538</b>	<b>-</b>	<b>166,058</b>	<b>4,157,976</b>
<b>Employee Benefits</b>	<b>160,997</b>	<b>1,077,503</b>	<b>-</b>	<b>52,764</b>	<b>1,291,264</b>
<b>Services Purchased/Contracted</b>					
Contracted services	-	13,611	-	-	13,611
Maintenance & repairs	-	-	2,590	-	2,590
Professional/technical	47,869	130,054	-	-	177,923
Student transportation	-	3,704	-	-	3,704
	<b>47,869</b>	<b>147,369</b>	<b>2,590</b>	<b>-</b>	<b>197,828</b>
<b>Materials/Freight</b>	<b>15,443</b>	<b>30,382</b>	<b>13,972</b>	<b>2,997</b>	<b>62,794</b>
<b>Total</b>	<b>\$ 246,689</b>	<b>\$ 5,224,792</b>	<b>\$ 16,562</b>	<b>\$ 221,819</b>	<b>\$ 5,709,862</b>

**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Schedule 3**  
**Indigenous Languages and Culture Program Expenditures**

For the period ended June 30, 2019

	Student Instruction	Teaching/ Learning Resources	Professional Development	School and Community Programs	Total
<b>Salaries</b>					
ALCBE teachers	\$ 432,147	\$ -	\$ -	\$ -	\$ 432,147
Honoraria	-	56,788	-	47,675	104,463
Elders in Schools	-	62,438	-	-	62,438
	432,147	119,226	-	47,675	599,048
<b>Employee Benefits</b>	118,998	-	-	-	118,998
<b>Services Purchased/Contracted</b>					
Maintenance and repairs	-	-	12,166	-	12,166
Printing and publishing	-	21,522	-	-	21,522
Professional development	-	-	3,136	-	3,136
Student transportation	-	-	12,926	-	12,926
Supplies	-	-	-	60,830	60,830
	-	21,522	28,228	60,830	110,580
<b>Total</b>	<b>\$ 551,145</b>	<b>140,748</b>	<b>\$ 28,228</b>	<b>\$ 108,505</b>	<b>\$ 828,626</b>

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Schedule 4**  
**Indigenous Language Materials**

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For the period ended June 30, 2019

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	July 1, 2018 to March 31, 2019	April 1, 2019 to June 30, 2019	Total
<b>Revenue</b>			
Secretary of State Funding Aboriginal Languages	\$ 56,000	\$ -	\$ 56,000
<b>Expenditures</b>			
Contract services	27,687	-	27,687
Supplies and materials	29,100	-	29,100
	56,787	-	56,787
<b>Deficit</b>	\$ (787)	\$ -	\$ (787)

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**Yellowknife Catholic Schools**  
 (Yellowknife Public Denominational District Education Authority)

**Schedule 5**  
**French Language Programs**

For the period ended June 30, 2019

	Contribution from GNWT	Commitment from YCS	Actual Expenditures	(Over) under Expenditures
<b>Bilateral Agreement Funding</b>				
<b>Special Projects</b>				
Consultant - Immersion/Core French	\$ 60,000	\$ 87,000	\$ 242,754	\$ (95,754)
Core French (salary and benefits)	100,000	182,000	377,820	(95,820)
French cultural activities	4,000	5,000	8,954	46
French resources	11,000	8,000	30,606	(11,606)
Late Immersion Training	-	-	5,360	(5,360)
Late immersion Camp	-	-	1,307	(1,307)
Literacy (salary and benefits)	56,000	65,000	153,941	(32,941)
Professional development	4,000	8,000	18,821	(6,821)
Teacher assistant (salary and benefits)	45,500	30,000	79,499	(3,999)
<b>Total</b>	<b>\$ 280,500</b>	<b>\$ 385,000</b>	<b>\$ 919,062</b>	<b>\$ (253,562)</b>
<b>Regular GNWT Funding</b>				
Core French			\$ 549,170	
Immersion Program			1,534,586	
<b>Total</b>			<b>\$ 2,083,756</b>	

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

**Schedule 6**  
**Student Success Initiative Projects**

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For the period ended June 30, 2019

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	Literacy/ Math Project	Leadership Development	Total
<b>Revenue</b>			
Government of Northwest Territories - Department of Education, Culture and Employment	\$ 37,000	\$ 66,000	\$ 103,000
<b>Expenditures</b>			
Contracted services	6,432	47,869	54,301
Professional development	5,146	3,031	8,177
Substitute teacher wages	15,031	8,968	23,999
Supplies	3,287	15,444	18,731
	<b>29,896</b>	<b>75,312</b>	<b>105,208</b>
<b>Net surplus (deficit)</b>	<b>\$ 7,104</b>	<b>\$ (9,312)</b>	<b>\$ (2,208)</b>

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**Yellowknife Catholic Schools**  
(Yellowknife Public Denominational District Education Authority)

Schedule 7  
**Jordan's Principle**

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For the period ended June 30, 2019

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	Budget 2019	Actual 2019	Actual 2018
<b>Revenue</b>			
Government of Canada			
- First Nations and Inuit Health Branch Contribution agreement	\$ 1,310,470	\$ 1,373,623	\$ -
<b>Expenditures</b>			
Administration	-	219,523	-
Personnel	1,310,470	646,774	-
Contracted services	-	8,488	-
<b>Total expenditures</b>	1,310,470	874,785	-
<b>Net surplus</b>	\$ -	\$ 498,838	\$ -
<b>Deferred revenue</b>	\$ -	\$ 498,838	\$ -

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**Yellowknife District No.1 Education Authority**

**(Yellowknife Education District No. 1)**

**Financial Statements**

**June 30, 2019**





# Yellowknife District No. 1 Education Authority

(the Authority)

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YELLOWKNIFE EDUCATION DISTRICT NO. 1  
OF THE NORTHWEST TERRITORIES  
ADMINISTRATION SCOLAIRE DE DISTRICT NO. 1 DE YELLOWKNIFE  
Box 788, Yellowknife, NT X1A 2N6  
Tel: (867) 766-5050 Fax: (867) 873-5051  
ykl.nt.ca ykl@ykl.nt.ca

# Management Discussion and Analysis

June 2019

## Introduction

### Yellowknife Education District No. 1 (YK1) Administration:

Metro Huculak, Superintendent of Education/CEO  
Ed Lippert, Assistant Superintendent  
Tram Do, Director of Corporate Services

### Current Board Members:

John Stephenson, Chairperson  
Tina Drew, Vice Chairperson

### Trustees:

Jay Butler  
Terry Brookes  
Al McDonald  
Rajiv Rawat  
Satish Garikaparathi

### Active Committees include:

- Policy Committee
- Public Relations Committee
- Finance Committee

## **YK1 Strategic Directions**

### **To ensure all students reach their highest level of learning by:**

- Increasing success rate of early learners
- Consistently increasing the percentage of students working at grade level
- Increasing the percentage of students who successfully graduate or complete high school programs
- Increasing the success of all students reflecting the diversity of the student population
- Increasing student success in Mathematics and Science

### **To ensure all students receive programming which responds to their diverse learning needs in a respectful and inclusive manner by:**

- Maintaining a high level of satisfaction with our Inclusive Education Program
- Strengthening inclusive school communities
- Increasing the level of competence among teachers in their ability to deal with diverse needs

### **To ensure all students are engaged in Indigenous languages, perspectives and culture-based education by:**

- Integrating culturally relevant learning into instructional programming
- Increasing the offerings of the Willideh language
- Ensuring all schools reflect Indigenous Language and Culture
- Engaging all students in Indigenous cultural experiences
- Increasing the number of skilled instructors of Indigenous Language and Culture-based education
- Strengthening relationships with Indigenous communities

### **To ensure all students engage in healthy lifestyles and respectful, caring relationships by:**

- Increasing student participation in physical activities
- Improving student involvement and participation in the Arts
- Increasing student awareness of nutrition and the importance of healthy food choices
- Promoting positive relationships, resiliency and good citizenship
- Increasing awareness and access to wellness and mental health activities



## **Operating Environment**

YK1 operates six schools in the city of Yellowknife. The following lists key programming in our schools:

### **Mildred Hall School (JK-8)**

- Mildred Hall School (MHS) is an English school which also offers Core French and Willideh language courses
- The school offers many extracurricular activities such as team sports, fine arts, guitar, fiddling and various band instruments; alternative sports such as mountain biking roller blading; alternative options such as jigging, lego and crochet clubs
- An "On the Land Mentorship" program was established where students are paired with Indigenous experts and Elders to learn important skills like snaring, tanning moose hide and setting nets
- MHS provides a breakfast and hot lunch program. The school also has a large garden where students grow vegetables that are used in the foods program
- 'Peacemakers', a peer leadership group in the school, promotes education surrounding bullying and bullying prevention
- MHS is also home to the Birchbark Discovery Centre, a community-based alternative education program for up to 15 children in Grades 1 to 4, with room to expand in future school years.

### **N.J. Macpherson School (JK-5)**

- N.J. Macpherson School (NJM) is an English school which offers Core French
- Special programs at NJM include Montessori, Visual Arts, Music, Drama, Gymnastics and a strong recycling program. Several extracurricular sports, clubs and after-school programs are also offered
- Indigenous Language and Culture is integrated into classroom sessions and students attend culture camps throughout the year
- NJM has an active Parent Advisory Council

### **École J.H. Sissons (JK-5)**

- École J.H. Sissons (EJHS) offers French Immersion programming
- Special programs include choir, musical theatre, afterschool athletic program and a speed skating academy. Afterschool activities include judo, soccer, improvisation, painting, chess and choir
- EJHS celebrates diversity through various events during the year
- Students and staff participate in a 7-day annual French language and culture camp - 'Camp de neige' - at the Yellowknife Ski Club

### **École William McDonald Middle School (6-8)**

- École William McDonald Middle School (EWMS) offers programming for grades 6 to 8 in both English and French Immersion
- Other French options include: Intensive French - Grade 6, Post-Intensive French - grade 7 and 8, and Core French - Grade 6 to 8
- EWMS offers exploratory programs such as Industrial Arts, Home Economics and Outdoor Education
- The school offers a Sports Academy program which includes hockey, soccer, dance, fitness and cross training. Recently updating the fitness room allowed the school to expand its sports programming
- Special multiple-day camps available for Grade 8 students such as Camp Akaitcho and Hidden Lake Canoe Trip

### **Range Lake North School (JK-8)**

- Intensive French is offered in Grade 6, Post-Intensive French in Grades 7 and 8 and Core French is offered in Grades 6 to 8
- Indigenous Language and Culture is integrated into classroom sessions and students attend culture camps throughout the year
- Special programs at Range Lake North School (RLN) include music, band, fine arts, choir and drama
- RLN offers advanced technology and robotics programs in a Makerspace environment
- An Athletic Excellence program is offered encompassing many extracurricular sports such as snowboarding, hiking and nature walks
- RLN has an active and involved Parent Advisory Committee who organize their largest fundraiser, Family Fun Night in the spring. Proceeds support RLN student activities

### **École Sir John Franklin High School (9-12)**

- École Sir John Franklin High School (ESJF) offers programming from Grades 9 to 12 in both English and French Immersion
- Core French and Post-Intensive French are offered from Grades 9 to 12
- ESJF has a dynamic Fine Arts program which includes music, band, choir, drama and visual arts
- The school offers an extensive trades curriculum and work experience program which includes industrial arts, automotive and esthetics
- ESJF offers Indigenous culture programming and camps including Willideh language instruction
- The school has a successful Sports Academy and several extracurricular sports and clubs are offered
- ESJF has an At-Risk Student program which provides support and resources for students struggling in school, socially or at home
- The school offers many opportunities for students to travel abroad for volunteering, scuba club trips and a French Immersion trip
- Night classes are also available



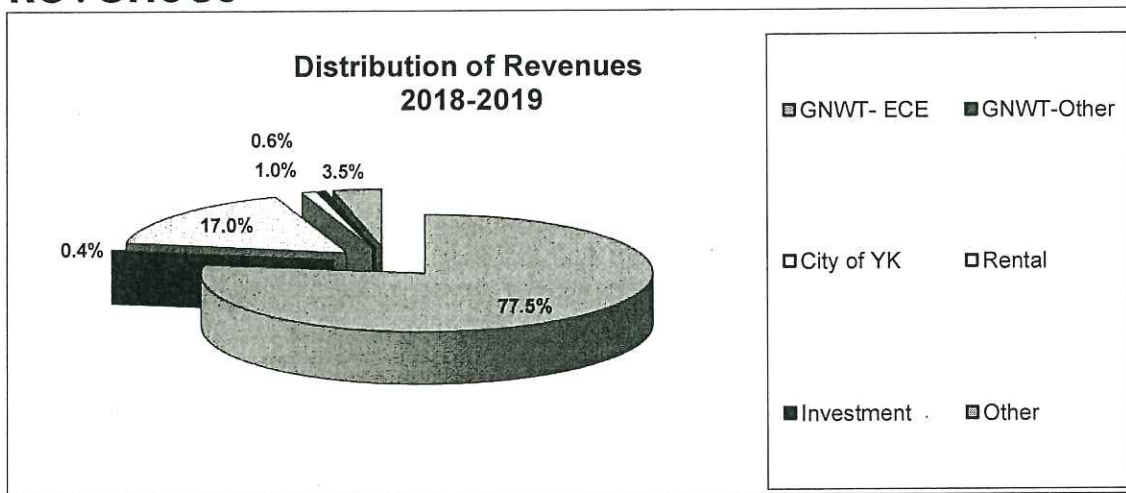
**Route 51 Learning:**

Route 51 Learning Institute is an alternate high school program, which offers:

- a flexible schedule designed to accommodate students
- credits for work experience
- smaller student-to-teacher ratio, and students can focus on one course at a time

## Financial Condition

### Revenues



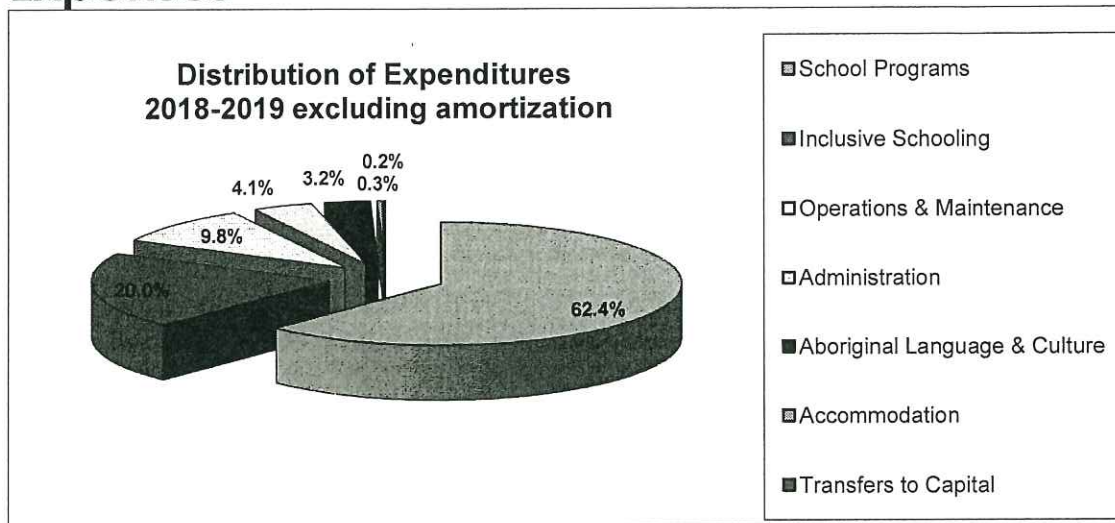
### Revenues

GNWT- ECE	28,878,898
GNWT-Other	141,610
City of YK	6,339,311
Rental	386,115
Investment	206,865
Other	1,315,189
<b>Total Revenues</b>	<b>37,267,988</b>

Funding from the Department of Education, Culture and Employment (ECE) makes up 77.5% of YK1's revenues. Property taxation revenue is 17.0% and the remainder is generated from investment income, Nordic Arms apartment rentals, superintendent services, Jordan's Principle Federal Funding and parking lot rentals.



## Expenses



### Expenses (excluding amortization)

School Programs	23,405,977
Inclusive Schooling	7,521,033
Operations & Maintenance	3,661,354
Administration	1,532,144
Indigenous Language & Culture	1,210,539
Accommodation	121,865
Transfers to Capital	72,881
<b>Total Expenses</b>	<b><u>37,525,793</u></b>

Expenditure allocations is based on the Department of Education, Culture and Employment's funding formula. 85.6% of expenditures consist of school programs, Inclusive Schooling and Indigenous Language and Culture which are directly related to schools. The Transfers to Capital is the cost of purchase of a bus for Mildred Hall School from the Jordan's Principle Funding.

## Unrestricted Surpluses

The accumulated operating surplus is the overall operations of the district, the decentralized surplus is school operations and maintenance, and capital surplus is for major capital expenditures.

Surplus	2018/2019	2017/2018	Change
Operating	444,854	511,577	-66,723
Capital	904,165	904,165	0
Decentralized(Schools)	365,440	386,496	-21,056
<hr/>			
Total Accumulated Surplus	1,714,459	1,802,238	-87,779
<hr/>			
Unfunded by ECE :			
Leave and Termination Benefits	1,720,878	1,651,023	+69,855
	<b>3,435,377</b>	<b>3,453,262</b>	<b>-17,924</b>

The accumulated operating surplus decreased by \$66,723 and the decentralized surplus decreased by \$21,056, the total change is an overall decrease of \$87,779. The overall unrestricted surplus is 4.6% (\$1,714,459/\$37,096,950) of total 2019/2020 budgeted expenditures excluding amortization.

The accumulated unrestricted surplus has enabled YK1 to maintain quality programming for students, which has been a key strength of the district.

## Restricted Reserves

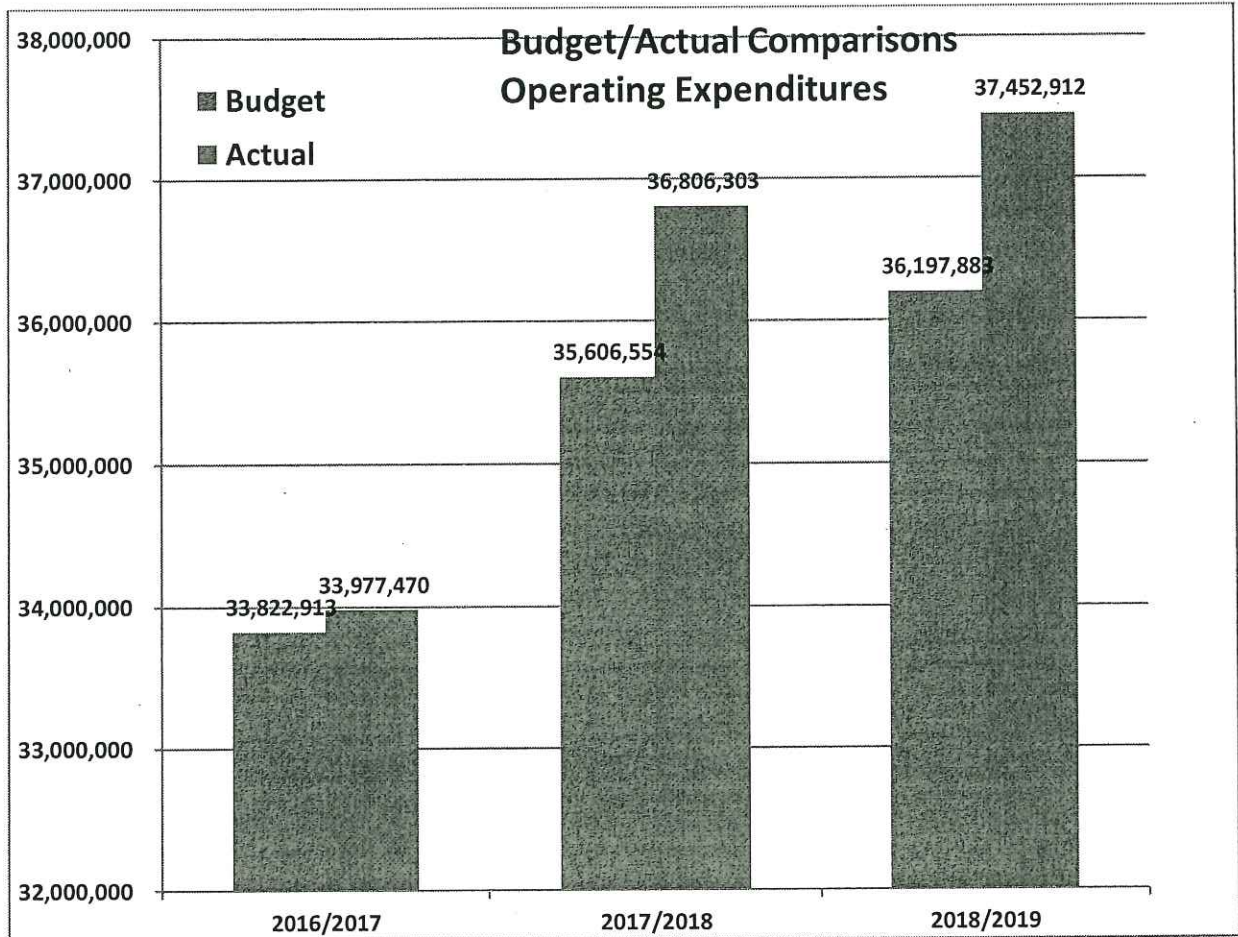
The Department of Education, Culture and Employment has agreed to allow YK1 to maintain the unspent utility funding to be used for conversion of current lighting to LED lighting in the schools and minor capital expenditures. LED lights can save 30% or more on energy costs. ECE has agreed to allow YK1 to keep all utilities savings to be reinvested into minor capital projects or LED lighting upgrades. For the 2018/2019 school year, the cost for insurance and utilities exceed ECE funding, therefore there is a drawdown in the LED reserve of \$97,145

YK1 has completed the LED light conversion for all outdoor lights, emergency exit lights, and gymnasium lights at schools and buildings. YK1 is planning to continue with LED lights conversion for EWMS.

LED Restricted	2018/2019	2017/2018	Change
Beginning Balance	352,796	422,037	-69,241
Utility Savings	0	30,518	-30,518
Utility Shortfall/ LED Projects	-97,145	-99,759	+2,614
<b>Total LED Reserve</b>	<b>255,651</b>	<b>352,796</b>	<b>-97,145</b>



## Budget/Actual Comparisons



YK1 revenues are higher than budget by \$1,255,029 due to:

- ECE regular contributions revenues higher by \$187,804 due to Funding for the Birchbark program at Mildred Hall School \$140,000 and UNW retroactive funding for USW staff wages.
- ECE Indigenous Language is additional funding for Teaching and Learning Curriculum \$69,000
- GNWT Other Contributions revenue is from Department of Municipal and Community Affairs (MACA) for Active After School \$92,550, Youth Corp \$20,000, Department of Health and Social Services for Drop the Pop Campaign \$20,560 in schools, and Department of Environment and Natural Resources for Take a Kid Trapping \$8,500.

- Other Revenue is higher mainly due to Jordan' Principle Funding from the Federal Government for a total of \$1,323,652 of that the schools spent \$909,678, the remainder of \$413,974 is carried over to school year 2019/2020.
- Portfolio Investment income higher by \$96,865 from previous years' due to interest rate increases

YK1 expenses variance highlights are:

- Amortization of fixed assets of \$943,984 was not considered when the budget was prepared
- School Programs has a negative variance of \$29,671 due to addition of staff in school
- Inclusive Schooling costs are higher than budget due to an increase in Substitute costs for staff and Jordan Principle costs are coded under Inclusive Education \$ 909,678
- Staff Accommodations expenses decreased by \$75,635 to offset the large expenditure in the previous year for roof replacement costing \$137,000
- Operations and Maintenance costs are higher by \$303,084 due to:
  - Utility and Insurance costs higher by \$195,000 due to increase in price of fuel and colder longer winter and the increase in insured replacement value of buildings;
  - Maintenance Shop Abatement cost of \$100,000 which was completed in two stages in August 2018, and March 2019;

Yellowknife Education District No.1	Enrolment		Teachers/	Early	Pupil/Teacher ratio	
	K-12	JK	Admin/ PST	Childhood	K-12	JK
School	Sep-18	Sep-18	K-12	Instructors		
Mildred Hall School	249.00	19.00	16.50	2.00	15.09	9.50
JH Sissons	277.00	68.00	17.15	6.00	16.15	11.33
William McDonald School	264.00		17.65		14.96	
NJ Macpherson School	272.00	56.50	17.00	6.00	16.00	9.42
Range Lake North School	241.00	19.00	17.53	2.00	13.75	9.50
Sir John Franklin High School	636.80		33.00		19.30	
<b>Total District</b>	<b>1,939.8</b>	<b>162.5</b>	<b>118.83</b>	<b>16.00</b>	<b>16.32</b>	<b>10.16</b>

Overall enrolment for September 2018 is 2102.30, an increase of 59.30 full time equivalent (FTE) students from September 2017.



## Summary and Outlook

In 2018-2019, YK1 faced many challenges including important decisions about the New School Rebuild to replace the JHS School scheduled for July 2020. The Department of Education, Culture and Employment chose to build the new school at the existing JHS School site. YK1 Administration is part of the Steering Committee for JHS, which has representatives from the Department of Education, Culture, and Employment and from the Department of Infrastructure. The JHS Principal and member from the Parent Advisory Group are members on the JHS Advisory Committee with members from the Department of Infrastructure. YK1 has been working with the JHS Accommodation contractor and the JHS steering committee to complete the Accommodations plan for students during the two years of construction. The project is schedule to start July 2020. The Department of Infrastructure has awarded the design of the new school to Stantec.

Working with The Department of Education and the Department of Infrastructure to plan the WMS roof replacement (October 2019) and the mold abatement (July 2019)

The completion of the Hazardous Materials Abatement of the Maintenance Shop, and the start if the Mildred Hall School Parking lot and drop off.

Despite these challenges, the Board looks back proudly at their achievements and successes over the past year:

- YK1 continued to work with the community to enrich student development by facilitating new learning opportunities including:
  - Elders in school programs
  - Artists and musician visits
  - Adding programs at ESJF to include more CTS modules and a drones class
  - Workshops and field trips to various Yellowknife establishments
- Outdoor beautification initiatives and gardening at the District's schools continues to be a priority of the Board
- All of the schools continued to offer a food program, which included a breakfast, lunch and snacks for students who need that kind of support
- Parent meetings and Town Halls to discuss the JHS Accommodations plan and new school site selection to give parents and opportunity to provide input.

## **Foreseeable Challenges for 2019-2020**

- The planning and implementation of the construction of a new École J.H. Sissons School, and the student accommodations plan
- Formal request to Members of the Legislative Assembly to extend the Board of Trustees term of office from three years to four years to coincide with the City of Yellowknife City Councilor's term of office.
- ECE has completed a bussing review for the NWT. The three Yellowknife school boards will be working with ECE to decide on the options for Junior Kindergarten bussing. A request for proposal for bussing will be posted in early 2020
- Mental Health challenges such as increase with teen suicide, depression. Allocating sufficient resources such as the addition of an Educational Psychologist at the high school to help students with mental health challenges.





# Yellowknife District No. 1 Education Authority

(the Authority)

## Management Responsibility for Financial Reporting

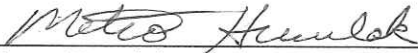
### To the Minister of Education, Culture and Employment Government of the Northwest Territories


The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted are the responsibility of management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Yellowknife District No. 1 Education Authority have been conducted within the statutory powers of the Authority. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Authority's Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in material respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

  
\_\_\_\_\_  
Metro Huculak  
Superintendent  
Yellowknife District No. 1 Education Authority

  
\_\_\_\_\_  
Tram Do  
Director of Corporate Services  
Yellowknife District No. 1 Education Authority



## **Independent Auditors' Report**

### **To the Minister of Education, Culture and Employment Government of the Northwest Territories**

#### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the Yellowknife District No. 1 Education Authority (the Authority), which comprise of the statement of financial position as at June 30, 2019, statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yellowknife District No. 1 Education Authority as at June 30, 2019, and its financial performance 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 Authority 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 Management Discussion and Analysis, but does not include the financial statements and our auditors' 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 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 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.

*Report on Compliance with Specified Authorities*

In conjunction with the audit of the financial statements, we have audited transactions of the Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Government of the Northwest Territories - Department of Education, Culture and Employment.

In our opinion, the transactions of the Authority 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.

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





# Yellowknife District No. 1 Education Authority

(the Authority)

## Statement of Financial Position

Statement 1

As at June 30,	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	5,291,918	2,906,917
Portfolio Investments (Note 7)	4,126,915	5,060,814
Due from Government of Canada (Note 13)	102,327	179,015
Accounts Receivable (Note 8)	276,213	1,241,007
	<b>9,797,373</b>	<b>9,387,753</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 10)	501,228	584,884
Payroll liabilities (Note 10)	5,134,148	4,699,310
Leave and Termination Benefits (Note 17)	1,720,878	1,651,023
Vacation payable (Note 10)	204,094	277,740
Deferred revenue (Note 11)	450,014	145,000
	<b>8,010,362</b>	<b>7,357,957</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,787,011</b>	<b>2,029,796</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid Expenses (Note 20)	124,333	96,832
Tangible Capital Assets (Note 19)	11,872,352	12,743,455
Inventories (Note 9)	58,766	28,406
	<b>12,055,451</b>	<b>12,868,693</b>
<b>ACCUMULATED SURPLUS (Note 36)</b>	<b>13,842,462</b>	<b>14,898,489</b>
<b>Represented by:</b>		
Operating Fund	444,854	511,577
Investment in Tangible Capital Assets	11,872,352	12,743,455
Decentralized Surplus	365,440	386,496
Capital Fund Reserve	904,165	904,165
LED Reserve	255,651	352,796
	<b>13,842,462</b>	<b>14,898,489</b>

Contractual Obligations (Note 22), Contingencies (Note 23)

Approved on behalf of the board:

Trustee Satish G.

Trustee Jina Drew



# Yellowknife District No. 1 Education Authority

(the Authority)

## Statement of Operations

## Statement 2

For the year ended June 30,

	2019 Budget \$	2019 Actual \$	2018 Actual \$
<b>REVENUE</b>			
<b>Government of the Northwest Territories</b>			
Regular contributions	27,992,844	28,180,648	27,852,910
Other contributions	123,000	130,000	165,456
Indigenous languages	-	69,000	181,000
French revenue	500,000	499,250	502,648
<b>Total ECE (Note 31)</b>	<b>28,615,844</b>	<b>28,878,898</b>	<b>28,702,014</b>
<b>GNWT other contributions (Note 32)</b>	<b>-</b>	<b>141,610</b>	<b>144,390</b>
<b>Government of Canada - Jordan's Principle</b>	<b>-</b>	<b>909,680</b>	<b>56,650</b>
<b>Other education bodies</b>	<b>261,500</b>	<b>246,267</b>	<b>172,712</b>
<b>Property tax requisitioned</b>	<b>6,331,000</b>	<b>6,339,311</b>	<b>6,241,400</b>
<b>Education authority generated funds</b>			
Rental income	380,000	386,115	390,525
Portfolio investment income	110,000	206,865	155,461
Other	140,000	159,242	44,521
	630,000	752,222	590,507
<b>Total revenue</b>	<b>35,838,344</b>	<b>37,267,988</b>	<b>35,907,673</b>
<b>EXPENDITURES</b>			
School programs	23,376,306	23,405,977	23,018,191
Inclusive schooling	6,480,631	7,521,033	6,153,106
Staff accommodations	197,500	121,865	285,951
Operations and maintenance	3,358,270	3,661,354	3,719,416
Administration	1,503,872	1,532,144	1,477,352
Indigenous language/cultural programs	1,281,304	1,210,539	1,117,719
Amortization	-	943,984	914,776
<b>Total operating expenditures</b>	<b>36,197,883</b>	<b>38,396,896</b>	<b>36,686,511</b>
<b>Operating surplus (deficit) before other items</b>	<b>(359,539)</b>	<b>(1,128,908)</b>	<b>(778,838)</b>
<b>Other items</b>			
Grant in-kind - GNWT assets provided at no cost (Note 21)	-	45,843	45,843
Rent expense - GNWT assets provided at no cost (Note 21)	-	(45,843)	(45,843)
Transfer to tangible capital assets	-	72,881	-
<b>Operating surplus (deficit)</b>	<b>(359,539)</b>	<b>(1,056,027)</b>	<b>(778,838)</b>
<b>Opening accumulated surplus</b>	<b>-</b>	<b>14,898,489</b>	<b>15,677,327</b>
<b>Closing accumulated surplus (deficit)</b>	<b>(359,539)</b>	<b>13,842,462</b>	<b>14,898,489</b>





# Yellowknife District No. 1 Education Authority

(the Authority)

## Statement of Changes in Net Financial Assets

Statement 3

For the ended June 30,	2019 Budget \$	2019 Actual \$	2018 Actual \$
Operating surplus (deficit)	(359,539)	(1,056,027)	(778,838)
Acquisition of tangible capital assets	-	(72,881)	(119,792)
Amortization of tangible capital assets	-	943,984	914,776
	(359,539)	(184,924)	16,146
Acquisition of supplies inventories	-	(58,766)	(28,406)
Consumption of supplies inventories	-	28,406	20,280
Purchase of prepaid expenses	-	(124,333)	(96,832)
Use of prepaid expenses	-	96,832	133,539
	-	(57,861)	28,581
<b>Increase in net financial assets</b>	<b>(359,539)</b>	<b>(242,785)</b>	<b>44,727</b>
<b>Net financial asset at beginning of year</b>	<b>2,029,796</b>	<b>2,029,796</b>	<b>1,985,069</b>
<b>Net financial asset at end of year</b>	<b>1,670,257</b>	<b>1,787,011</b>	<b>2,029,796</b>

**Yellowknife District No. 1 Education Authority****(the Authority)****Statement of Cash Flows****Statement 4**

<b>For the year ended June 30,</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING TRANSACTIONS</b>		
Operating deficit	(1,056,027)	(778,838)
<b>Item not affecting cash:</b>		
Amortization	943,984	914,776
<b>Changes in non-cash assets and liabilities</b>		
Decrease in due from Government of Canada	20,038	44,092
Decrease (increase) in accounts receivable	1,021,443	(374,446)
Increase (decrease) in accounts payable	(83,656)	73,555
Increase in payroll liabilities	434,838	300,282
Decrease in leave and termination benefits	69,855	(54,401)
Decrease in vacation payable	(73,646)	(13,244)
Increase in deferred revenue	305,014	125,000
Decrease (increase) prepaid expenses	(27,501)	36,708
Increase in inventories	(30,360)	(8,126)
<b>CASH PROVIDED BY (USED FOR) OPERATING TRANSACTIONS</b>	<b>1,523,982</b>	<b>265,358</b>
<b>INVESTING TRANSACTIONS</b>		
Disposition of portfolio investments	933,900	-
Acquisition of portfolio investments	-	(29,003)
<b>CASH PROVIDED (USED FOR) BY INVESTING TRANSACTIONS</b>	<b>933,900</b>	<b>(29,003)</b>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(72,881)	(119,792)
<b>CASH USED FOR CAPITAL TRANSACTIONS</b>	<b>(72,881)</b>	<b>(119,792)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,385,001</b>	<b>116,563</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>2,906,917</b>	<b>2,790,354</b>
<b>CASH AT END OF YEAR</b>	<b>5,291,918</b>	<b>2,906,917</b>



# Yellowknife District No. 1 Education Authority

(the Authority)

## Details of Expenditures

## Statement 5

For the year ended June 30,	School Programs \$	Inclusive Schooling \$	Staff Accommodation \$	Operations and Maintenance \$	Administration \$	Indigenous Languages \$	Total 2019 \$	Budget 2019 \$	Total 2018 \$
<b>SALARIES</b>									
Honoraria	-	-	-	-	73,479	69,684	143,163	77,348	113,541
Instructional assistants	1,242,182	2,426,793	-	-	-	186,609	3,855,584	3,709,965	3,562,788
Non-instructional staff	2,081,079	-	-	486,252	958,756	218,995	3,745,082	3,599,058	3,780,675
Teachers	14,188,963	3,515,866	-	-	-	338,325	18,043,154	18,885,963	16,608,951
	17,512,224	5,942,659	-	486,252	1,032,235	813,613	25,786,983	26,272,334	24,065,955
<b>EMPLOYEE BENEFITS</b>									
Employee benefits/allowances	3,321,981	1,069,879	-	109,301	171,643	121,523	4,794,327	3,425,907	4,501,513
Leave and termination benefits	(6,778)	32,605	-	1,878	39,532	2,619	69,856	-	(54,401)
	3,315,203	1,102,484	-	111,179	211,175	124,142	4,864,183	3,425,907	4,447,112
<b>SERVICES PURCHASED</b>									
Advertising and printing	2,094	-	-	-	34,161	-	36,255	30,800	22,541
Communication	59,424	833	-	8,101	43,498	-	111,856	91,300	114,742
Contracted services	273,922	280,604	-	345,325	-	127,514	1,027,365	1,131,329	881,588
Maintenance and repairs	49,570	14,042	12,404	761,182	6,913	4,330	848,441	898,770	1,106,134
Other	136,558	-	-	-	112,372	-	248,930	-	276,143
Professional and technical	449,677	46,606	-	1,644	35,789	57,509	591,225	407,500	682,157
Rentals and leases	138,867	-	-	-	7,841	-	146,708	228,613	176,193
Student transportation	422,806	88,108	-	-	-	13,880	524,794	480,000	443,125
Travel	95,528	-	-	-	-	8,382	103,910	95,000	95,663
Utilities									
Heating	-	-	49,323	779,146	-	-	828,469	835,000	780,367
Electricity	-	-	34,386	984,773	-	-	1,019,159	900,000	991,632
Water/Sewage	-	-	24,602	183,660	-	-	208,262	172,000	203,705
	1,628,446	430,193	120,715	3,063,831	240,574	211,615	5,695,374	5,270,312	5,773,990
<b>MATERIALS</b>									
Awards and student events	15,075	-	-	-	29,153	-	44,228	-	23,538
Freight	6,852	-	-	92	813	-	7,757	31,699	8,103
Materials and supplies	928,177	45,697	1,150	-	18,194	61,169	1,054,387	1,197,631	1,453,037
	950,104	45,697	1,150	92	48,160	61,169	1,106,372	1,229,330	1,484,678
<b>AMORTIZATION</b>									
	943,984	-	-	-	-	-	943,984	-	914,776
<b>Total operating expenditures</b>	<b>23,405,977</b>	<b>7,521,033</b>	<b>121,865</b>	<b>3,661,354</b>	<b>1,532,144</b>	<b>1,210,539</b>	<b>38,396,896</b>	<b>36,197,883</b>	<b>36,686,511</b>





# Yellowknife District No. 1 Education Authority

(the Authority)

## Details of Indigenous Language and Culture-Based Education Expenditures

Statement 6

<b>For the year ended June 30,</b>	Student Instruction \$	Teaching and Learning Resources \$	Professional Development \$	School Activities and Integrated Community Programs \$	<b>Total 2019 \$</b>
<b>SALARIES</b>					
ALCBE Teachers	319,700	6,495	-	12,130	338,325
Instructional Assistants	133,156	22,272	-	31,181	186,609
Non Instructional Staff	101,168	48,953	-	68,874	218,995
Elders in Schools	-	-	-	69,684	69,684
	554,024	77,720	-	181,869	813,613
<b>EMPLOYEE BENEFITS</b>	86,238	21,046	-	16,858	124,142
<b>SERVICES PURCHASED</b>					
Professional and technical	8,457	-	5,553	-	14,010
Student transportation	13,880	-	-	-	13,880
Contracted services	-	127,514	51,956	34,777	214,247
	22,337	127,514	57,509	34,777	242,137
<b>MATERIALS</b>					
Materials and supplies	-	30,647	-	-	30,647
<b>Total operating expenditures</b>	662,599	256,927	57,509	233,504	1,210,539



# Yellowknife District No. 1 Education Authority

(the Authority)

## Details of Inclusive Schooling Expenditures

Statement 7

For the year ended June 30,	Staff Development \$	Assistive Technology \$	Magnet Facilities \$	Jordan's Principle \$	General Inclusive Schooling \$	Total 2019 \$
<b>SALARIES</b>						
Regional Coordinator	-	-	-	-	149,588	149,588
Program support teachers/counsellors	49,054	-	485,867	141,041	2,690,316	3,366,278
Support assistants	-	-	71,270	492,485	1,863,038	2,426,793
	49,054	-	557,137	633,526	4,702,942	5,942,659
<b>EMPLOYEE BENEFITS</b>						
	-	-	103,105	80,627	918,753	1,102,485
<b>SERVICES PURCHASED</b>						
Professional and technical	158,580	-	-	86,675	-	245,255
Student transportation				75,071	-	75,071
Contracted services	43,606	-	-	4,443	14,388	62,437
	202,186	-	-	166,189	14,388	382,763
<b>MATERIALS</b>						
Materials and supplies	12,558	11,830	25,360	29,336	14,042	93,126
	12,558	11,830	25,360	29,336	14,042	93,126
<b>Total operating expenditures</b>	263,798	11,830	685,602	909,678	5,650,125	7,521,033



(the Authority)

**Report on Activities of Specific Programs**

**Statement 8**

**French Language Program**

**BILATERAL AGREEMENT FUNDING**

**For the year ended June 30, 2019**

	<b>Contribution from the Department \$</b>	<b>Commitment from the Authority \$</b>	<b>Expenses \$</b>	<b>Over (under) funding \$</b>
Teacher Assistants (Salary)	35,000	35,000	81,014	(11,014)
Literacy Coach (Salary)	70,000	67,000	142,890	(5,890)
Intensive & PIF (Salary)	70,000	230,000	605,791	(305,791)
PIF (Elective courses at SJF)	12,000	3,000	14,118	882
Special Projects				
French Camps	35,000	5,000	33,948	6,052
Assessment, Intensive French	35,000	7,000	39,107	2,893
French Resources	40,000	7,000	73,318	(26,318)
Cultural Activities	12,000	3,000	11,279	3,721
Professional Development	33,000	7,000	41,494	(1,494)
Consultant	80,000	130,000	197,694	12,306
<b>Total</b>	<b>422,000</b>	<b>494,000</b>	<b>1,240,653</b>	<b>(324,653)</b>



**Yellowknife District No. 1 Education Authority**

(the Authority)

**Report on Activities of Specific Programs**

**Statement 9**

**Indigenous Languages**

For the year ended June 30,	July 1 to March 31	April 1 to June 30	2019
	\$	\$	\$
<b>Secretary of State (Heritage Canada)</b>			
<b>Revenue</b>			
Contribution from federal government	69,000	-	<b>69,000</b>
<b>Expenses</b>			
Salaries and benefits	-	38,371	<b>38,371</b>
Other operating and maintenance	27,478	104,016	<b>131,494</b>
	27,478	142,387	<b>169,865</b>
Surplus, March 31	41,522	-	
Deficit, June 30	-	(142,387)	
<b>Surplus (deficit)</b>	<b>41,522</b>	<b>(142,387)</b>	<b>(100,865)</b>



**Yellowknife District No. 1 Education Authority**

(the Authority)

**Report on Activities of Specific Programs**

**Statement 10**

**Student Success Initiative Projects**

For the year ended June 30,

2019  
\$

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**Revenue**

Government of the Northwest Territories  
Surplus carry-over

123,000  
37,831

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**Total revenue**

160,831

**Expenses**

**Salaries/Wages**

Facilitator fees (including per diems)  
Substitute teacher wages

93,727  
49,054

**Travel**

Other expenses (ACC Membership)

3,000

**Workshop expenses**

Staff PD and miscellaneous

-  
15,175

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**Total expenses**

160,956

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**Deficit**

(125)

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**Yellowknife District No. 1 Education Authority**

(the Authority)

**Report on Activities of Specific Programs**

**Statement 11**

**UIIP-DIAND Funding**

For the year ended June 30,

2019  
\$

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**Revenue**

120,000

**Expenses**

Salaries and benefits

129,042

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**Deficit**

(9,042)

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**Yellowknife District No. 1 Education Authority**

(the Authority)

**Yellowknife District No. 1 Education Authority**

(the Authority)

**Report on Activities of Specific Programs**

**Statement 12**

**Jordan's Principle**

<b>For the Year Ended June 30,</b>	<b>2019 Budget \$</b>	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<b>Revenue</b>			
Government of Canada			
- First Nation and Inuit Health Branch	1,230,302	<b>1,230,302</b>	150,000
Carry Forward from Previous Year	93,350	<b>93,350</b>	-
<b>Total Revenue</b>	<b>1,323,652</b>	<b>1,323,652</b>	<b>150,000</b>
<b>Expenses</b>			
Administration	-	-	-
Personnel	1,082,110	<b>714,153</b>	29,570
Transportation	75,000	<b>75,071</b>	-
Materials and Supplies	17,807	<b>29,336</b>	-
Rent and Utilities	-	-	-
Evaluation	73,600	<b>36,100</b>	26,000
Speech	58,676	<b>35,821</b>	1,080
Other	16,459	<b>19,197</b>	-
<b>Total Expenses</b>	<b>1,323,652</b>	<b>909,678</b>	<b>56,650</b>
<b>Net Surplus</b>	-	<b>413,974</b>	<b>93,350</b>
<b>Deferred Revenue</b>	-	<b>413,974</b>	<b>93,350</b>



# Yellowknife District No. 1 Education Authority

(the Authority)

## Notes to Consolidated Financial Statements

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June 30, 2019

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### 1. Nature of the Organization

The Yellowknife District No. 1 Education Authority (the "Authority"), was established by the *Education Act* of the Government of the Northwest Territories (GNWT). Its purpose is to administer and maintain the standards of education programs defined under the *Education Act* in the City of Yellowknife.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees ("the Board") has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Authority includes all aspects of operation and management relating to Public Education within the boundaries of the City of Yellowknife. The Board is the lowest (and sole) level of government exercising oversight responsibility. The financial statements of the Authority are not included in the financial statements of the City of Yellowknife as the Authority trustees are a separate governing body that is not under the control of the City of Yellowknife. The City of Yellowknife, however, does collect and remit property taxes requisitioned by the Board.

### 2. Significant Accounting Policies

#### a) Basis of Accounting

The financial statements of the Authority have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

#### b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.





**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**c) Financial Instruments**

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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.

Financial assets measured at amortized cost include cash, portfolio investments, accounts receivable and due from Government of Canada.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and payroll liabilities.

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.

**d) Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the 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 of revenues over expenses, provides the change in net financial assets for the year.



**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**e) Tangible Capital Assets**

Tangible capital assets with a cost lower than a threshold value of \$50,000 will be expensed in the year of acquisition or amortized at a rate of 100%. Assets with an acquisition value more than \$50,000 are capitalized and amortized using the straight-line method.

Asset Category	Amortization Period:
Land and improvements	Indefinite
School and Other Buildings	40 years
Equipment and furnishings	4 - 10 years

All capital facilities planning and construction undertaken by the Authority, excluding the Administration Building and Nordic Arms, are funded by the Government of the Northwest Territories and subject to their capital planning and approval process. Capital contributions received but not spent at year end, are recorded as deferred revenue.

The GNWT retains ownership of some tangible capital assets used by the Authority. These assets are used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the amount that would otherwise be considered amortization expense for the fiscal year as rent expense with an offsetting corresponding amount as a grant in-kind revenue.



**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**f) Revenue Recognition**

**Government Transfers:**

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

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

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital asset are recognized as acquired or built.

**GNWT - Regular Contributions:**

The regular contributions from the Government of the Northwest Territories (GNWT) is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the Government of the Northwest Territories.





**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**Local Tax Revenue:**

The *Education Act of the Northwest Territories*, by virtue of Section 136(2), empowers a Board of Education to determine the amount, after taking into consideration territorial grants and other revenue, that is to be requisitioned from the municipality within the territory under the jurisdiction of the Board. This requisitioned amount is one portion of the property tax paid annually by property owners. The City of Yellowknife is advised subsequent to the adoption of the budget of the amount of the requisition of the Authority and is responsible for the collection of taxes.

**Other Contributions:**

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Revenue from rentals is earned as the facilities are used. Other revenue is recorded as the service is provided and receipt is reasonably assured.

**Deferred Revenue:**

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

**Investment Income:**

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.



**June 30, 2019**

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## **2. Significant Accounting Policies (Continued)**

### **School Funds**

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the financial statements of the Authority as they do not constitute any part of the approved Operating fund surplus (deficit) budget and are available for use at the discretion of each individual school.

### **g) Budget Data**

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The final priorities and funding allocations are determined by the Board of Trustees at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2)k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus (deficit) along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Board.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the the original Minister approved budget for the school year. Schools carry forward surplus or deficit amounts from their school budgets.



**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**h) Measurement Uncertainty**

The preparation of these 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**i) Inventories Including Materials and Supplies**

Supplies inventory held for consumption or use are recorded at the lower of historical cost and replacement cost.

**j) Payroll Liabilities**

Payroll costs for teachers are accrued for July and August.

**k) Post-employment benefits, compensated absences and termination benefits**

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Authority and other criteria as outlined in the negotiated employment collective agreements or their excluded contracts.

**l) Expenses**

Expenses are recorded on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include grants and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**m) Foreign Currency Translation**

Foreign currency transactions are to be translated in Canadian dollars. Revenue and expenses denominated in a foreign currency are reported at a rate in the date of the transaction. Monetary items that have yet to be settled at the exchange rate are translated at the exchange rate in effect on the date of financial statement. Exchange gain or loss resulting from foreign exchange rate would be accounted for in the financial statement.





**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**n) Special Purpose Funds**

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included in the Special Purpose Funds line item. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.

**o) Fund Accounting**

The Authority uses fund accounting to separate transactions between its Operating fund surplus, Investment in tangible capital assets, decentralized surplus, capital fund reserve and the LED reserve.

**Operating Fund Surplus**

The Operating fund surplus is the general operating fund of the Authority in which all transactions concerned with current operations are recorded. Substantially all territorial, local (primarily property tax), and other operating revenue is accounted for in the Operating fund surplus. In accordance with accounting principles that are considered appropriate for organizations of this type, tangible capital assets acquired and debenture debt repayment that are financed with operating funds are treated as expenditures in the Operating fund surplus and then transferred to the Investment in tangible capital asset fund. The Operating fund also accounts for expenditures and contributions to or from other funds (transfers) which provide for day-to-day operations. In summary, the Operating fund surplus is used to account for all financial activities except those accounted for in the Investment in tangible capital assets fund and decentralized budget accumulated surplus.



**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**Investment in Tangible Capital Assets**

Investment in tangible capital assets is used to account for financial transactions related to the acquisition of tangible capital assets in excess of \$50,000.

Properties are carried at cost at the date of acquisition and amortization is recorded in the accounts. The cost of additions and repayment of debentures or other long-term debt is charged to Investment in tangible capital assets. This results in a corresponding increase in the equity in tangible capital assets.

**Decentralized Budget Accumulated Surplus**

The decentralized budget accumulated surplus represents specific amounts eligible for carry-over to subsequent years for each school.

**Capital Fund Reserve**

The Capital Fund Reserve is funding set aside by the Authority for any repairs or maintenance to the district assets.

**LED Reserve**

The LED Lights Reserve represents the unspent portion of the ECE's utility funding since the 2014/2015 school year as a result of lower fuel costs. The reserve funds will be used for YK1 to convert current lights to LED lights which are expected to result in a decrease of at least 30% in electricity costs.

**Decentralized Surplus**

The Decentralized Surplus is the operating surpluses retained by the individual schools.

**p) Inter-entity transactions**

Inter-entity transactions are transactions between commonly controlled entities and GNWT 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.





**June 30, 2019**

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**2. Significant Accounting Policies (Continued)**

**q) Related parties**

The Authority initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Authority subsequently measures related party balances in accordance with the Authority's policies for financial instruments, as set out in note (c). The Authority is related in terms of common control to all Government of the Northwest Territories departments, board and agencies.

The Authority 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 and Adoption of New Accounting Standards**

**Asset Retirement Obligations, Proposed Section PS 3280**

This section will be effective for fiscal years beginning on or after July 1, 2021 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. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

**Revenue, Proposed 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, 2022. Earlier adoption is permitted.

The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

**Student Activity Funds**

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the financial statements of the Authority in the future.



**Yellowknife District No. 1 Education Authority**

(the Authority)

**Notes to Consolidated Financial Statements**

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**June 30, 2019**

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**4. Cash**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash	<b>5,291,918</b>	<b>2,906,917</b>

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The cash is held in a bank account with RBC and is invested with the GNWT's investment pool.

**5. Special Purpose Funds**

The Authority does not have special purpose funds.

**6. Restricted Assets**

The Authority does not have restricted assets.



**Yellowknife District No. 1 Education Authority**

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**Notes to Consolidated Financial Statements**

**June 30, 2019**

**7. Portfolio Investments**

	2019	2018
	\$	\$
<b>RBC Dominion Securities Investment 1</b>		
Balance at June 30	-	1,009,120
Dollar Value of Interest earned	-	9,120
Cost of Investment	-	1,000,000
Market Value	-	1,009,120
Balance at March 31	-	1,005,374
Date Purchased: 17 November 2016		
Term of Investment: 2 years		
Maturity Date: 17 November 2018		
Annual Interest Rate: 1.522%		

	2019	2018
	\$	\$
<b>RBC Dominion Securities Investment 2</b>		
Balance at June 30	<b>1,013,356</b>	1,013,412
Dollar Value of Interest earned	<b>13,356</b>	13,412
Cost of Investment	<b>1,000,000</b>	1,000,000
Market Value	<b>1,013,356</b>	1,013,412
Balance at March 31	<b>1,008,162</b>	1,008,162
Date Purchased: 6 November 2017		
Term of Investment: 2 years		
Maturity Date: 6 November 2019		
Annual Interest Rate: 2.092%		

	2019	2018
	\$	\$
<b>CIBC Wood Gundy Investment 1</b>		
Balance at June 30	<b>2,067,160</b>	2,009,880
Dollar Value of Interest earned	<b>67,160</b>	9,880
Cost of Investment	<b>2,000,000</b>	2,000,000
Market Value	<b>2,067,160</b>	2,009,880
Balance at March 31	<b>2,052,728</b>	2,000,000
Date Purchased: 26 April 2018		
Term of Investment: 3 Years		
Maturity Date: 27 April 2021		
Annual Interest Rate: 2.85%		



**Yellowknife District No. 1 Education Authority**

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**Notes to Consolidated Financial Statements**

**June 30, 2019**

	2019	2018
	\$	\$
<b>CIBC Wood Gundy Investment 2</b>		
Balance at June 30	<b>1,046,399</b>	1,028,402
Dollar Value of Interest earned	<b>46,399</b>	28,402
Cost of Investment	<b>1,000,000</b>	1,000,000
Market Value	<b>1,046,399</b>	1,028,402
Balance at March 31	<b>1,041,883</b>	1,023,953
Date Purchased: 15 June 2017		
Term of Investment: 29 months		
Maturity Date: 18 November 2019		
Annual Interest Rate: 1.75%		

These are guaranteed investment certificates (GIC) with CIBC Wood Gundy and RBC Investment Securities with fixed income interest rates and fixed term dates. The investments are low risk to the Authority. The total investments with prior year comparative figures are presented below:

	2019	2018
	\$	\$
<b>RBC Dominion Securities</b>		
Investment 1	-	1,009,120
Investment 2	<b>1,013,356</b>	1,013,412
	<b>1,013,356</b>	2,022,532
<b>CIBC Wood Gundy</b>		
Investment 1	<b>2,067,160</b>	2,009,880
Investment 2	<b>1,046,399</b>	1,028,402
	<b>3,113,559</b>	3,038,282
<b>Total portfolio investments</b>	<b>4,126,915</b>	5,060,814





**Yellowknife District No. 1 Education Authority**

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**Notes to Consolidated Financial Statements**

**June 30, 2019**

**8. Accounts Receivable**

	2019 \$	2018 \$
Accrued interest receivable	10,000	-
Due from related parties (Note 24)	215,136	865,046
Due from Government of the Northwest Territories (Note 24)	16,688	138,692
Due from WSCC	-	-
Other	34,389	237,269
<b>Total</b>	<b>276,213</b>	<b>1,241,007</b>

Allowance for doubtful accounts at June 30, 2019 is \$nil (2018: \$nil).

**9. Inventories**

Inventory consists of computer equipment held for use for the next school year.

**10. Accounts Payable and Accrued Liabilities**

	2019 \$	2018 \$
Environmental liabilities (Note 35)	110,938	100,485
Accrued interest	34	25
Damage deposits	24,953	25,938
Due to Commission Scolaire Francophone TNO (Note 24)	15,770	-
Trade payable	349,533	450,815
Due to Government of Northwest Territories (Note 24)	-	7,621
	<b>501,228</b>	<b>584,884</b>
<b>Payroll Liabilities</b>	<b>2019 \$</b>	<b>2018 \$</b>
To employees (July & August wages & deferred NEBS pension )	5,134,148	4,699,310
Vacation payable (annual leave)	204,094	277,740
	<b>5,338,242</b>	<b>4,977,050</b>



# Yellowknife District No. 1 Education Authority

(the Authority)

## Notes to Consolidated Financial Statements

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June 30, 2019

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### 11. Deferred Revenue

Deferred revenue consists of contributions or revenue received from contributors for expenditures not yet incurred.

	2019	2018
	\$	\$
Tree of Peace	-	120,000
Jordan's Principal - Federal	413,974	-
GNWT ECE - Curriculum	36,040	-
GNWT MACA - Youth Corps	-	10,000
Tides Canada	-	15,000
	<b>450,014</b>	<b>145,000</b>

### 12. Contribution Repayable

The Authority does not have any contribution repayable.

### 13. Due from the Government of Canada

Receivables	2019	2018
	\$	\$
GST Receivable	102,327	122,365
Projects on behalf of the Government of Canada	-	56,650
	<b>102,327</b>	<b>179,015</b>

### 14. Capital Lease Obligations

The Authority does not have any Capital Lease Obligations.



**June 30, 2019**

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## **15. Pension**

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan ("the Plan"), which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$3,595,159. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$171,368 for January 2019, and \$166,787 for January 2018. The maximum monthly contributions is \$3,026 for January 2019, and \$2,944 for January 2018.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 3,202 Employee Members and 111 Employer Members (total active, disabled and on leave: 1,930).

As of January 1, 2019, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$25,300,000 - funded ratio 112% (2018 - \$24,000,000 and 112%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$128,900,000 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2018, the NEBS Pension plan Trust Fund balance of \$15,123,613.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

## **16. Long-Term Debt**

The Authority does not have long-term debt.





**June 30, 2019**

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## **17. Other Employee Future Benefits and Compensated Absences**

In addition to the pension benefits, the Authority 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 Authority'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 employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

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

### **Valuation results**

The actuarial valuation was completed as at March 31, 2019. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2019 and the results extrapolated to June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.





**Yellowknife District No. 1 Education Authority**

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**Notes to Consolidated Financial Statements**

June 30, 2019

**17. Other Employee Future Benefits and Compensated Absences (Continued)**

<b>Changes in Obligation</b>	<b>Severance and Removal \$</b>	<b>Compensated Absences \$</b>	<b>2019 \$</b>	<b>2018 \$</b>
Accrued benefit obligation beginning of year	805,972	402,974	1,208,946	1,729,606
Current period benefit cost	74,588	34,886	109,474	111,371
Interest accrued	31,017	15,642	46,659	49,984
Benefits payments	(11,622)	(45,011)	(56,633)	(218,771)
Actuarial (gain)/loss	317,166	46,692	363,858	(463,244)
Plan amendments	25,245	-	25,245	-
<b>Accrued benefit obligation end of year</b>	<b>1,242,366</b>	<b>455,183</b>	<b>1,697,549</b>	<b>1,208,946</b>
Unamortized net actuarial loss/(gain)	195,086	(171,757)	23,329	442,077
<b>Total employee future benefits and compensated absences</b>	<b>1,437,452</b>	<b>283,426</b>	<b>1,720,878</b>	<b>1,651,023</b>
Benefits Expense				
Current period benefit cost	74,588	34,886	109,474	111,371
Interest accrued	31,017	15,642	46,659	49,984
Amortization of net actuarial (gain)/loss	(74,394)	19,504	(54,890)	3,015
Plan amendments	25,245	-	25,245	-
<b>Total benefits expense</b>	<b>56,456</b>	<b>70,032</b>	<b>126,488</b>	<b>164,370</b>



(the Authority)

Notes to Consolidated Financial Statements

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June 30, 2019

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**17. Other Employee Future Benefits and Compensated Absences (Continued)**

The discount rate used in the 2018 fiscal year to determine the accrued benefit obligation was an average of 3.2% (2018 - 3.8%). The expected payments during the next five fiscal years are:

	<b>Severance and Removal</b>	<b>Compensated Absences</b>	<b>Total</b>
	\$	\$	\$
2019	125,449	55,505	<b>180,954</b>
2020	116,626	52,328	<b>168,954</b>
2021	113,709	50,691	<b>164,400</b>
2022	111,560	51,968	<b>163,528</b>
2023	109,538	56,994	<b>166,532</b>
2024-2028	418,807	220,410	<b>639,217</b>
<b>Total</b>	<b>995,689</b>	<b>487,896</b>	<b>1,483,585</b>

**18. Trust Assets Under Administration**

The Authority does not have any trust assets under administration.

(the Authority)

**Notes to Consolidated Financial Statements**

June 30, 2019

**19. Tangible Capital Assets**

							2019	2018
	Cost	Additions	Disposals	Amortization	Accumulated Amortization beginning of year	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Land and improvements</b>	1,299,476	-	-	-	-	-	1,299,476	1,299,476
<b>School buildings</b>								
Ecole Sir John Franklin	2,253,436	-	-	(56,247)	(1,135,789)	(1,192,036)	1,061,400	1,117,647
William McDonald	7,078,328	-	-	(176,958)	(6,370,495)	(6,547,453)	530,875	707,833
Mildred Hall	11,009,651	-	-	(275,241)	(6,301,915)	(6,577,156)	4,432,495	4,707,736
Range Lake North	8,215,859	-	-	(205,396)	(5,134,912)	(5,340,308)	2,875,551	3,080,947
N. J. Macpherson	5,329,162	-	-	(136,459)	(4,089,291)	(4,225,750)	1,103,412	1,239,871
Ecole J. H. Sissons	2,436,769	-	-	-	(2,436,769)	(2,436,769)	-	-
	36,323,205	-	-	(850,301)	(25,469,171)	(26,319,472)	10,003,733	10,854,034
<b>Other buildings</b>								
Administration office	1,070,827	-	-	(26,771)	(669,267)	(696,037)	374,789	401,560
Nordic Arms residence	595,205	-	-	-	(595,205)	(595,205)	-	-
<b>Total land and buildings</b>	39,288,713	-	-	(877,072)	(26,733,643)	(27,610,714)	11,677,998	12,555,070
<b>Equipment and furnishings</b>								
Schools	4,546,839	-	-	(54,478)	(4,384,184)	(4,438,662)	108,177	162,655
Playgrounds	149,972	-	-	-	(149,972)	(149,972)	-	-
Residences	64,045	-	-	-	(64,045)	(64,045)	-	-
Administration office	322,132	-	-	-	(322,132)	(322,132)	-	-
Vehicles	246,532	72,881	-	(12,434)	(220,802)	(233,236)	86,177	25,730
	5,329,520	72,881	-	(66,912)	(5,141,135)	(5,208,047)	194,354	188,385
	44,618,233	72,881	-	(943,984)	(31,874,778)	(32,818,761)	11,872,352	12,743,455



**Yellowknife District No. 1 Education Authority**

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**Notes to Consolidated Financial Statements**

June 30, 2019

**20. Prepaid Expenses**

	2019	2018
	\$	\$
Insurance	47,774	11,679
Professional Development	1,750	5,835
Materials and Supplies	-	23,860
Leases	22,588	20,655
WSSC	52,221	34,803
	<b>124,333</b>	<b>96,832</b>

**21. GNWT Assets Provided at no Cost**

The following assets were provided to the Authority by the GNWT at no cost.

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
	\$	\$	\$	\$
Ecole Sir John Franklin	25,965,232	25,965,232	-	-
Ecole Sir John Franklin portable classrooms	419,724	327,937	91,787	102,277
N.J. Macpherson	1,413,831	415,110	998,721	1,034,074
	27,798,787	26,708,279	1,090,508	1,136,351
<b>Deferred capital contributions</b>				
Ecole Sir John Franklin	(1,442,500)	(1,442,500)	-	-
	26,356,287	25,265,779	1,090,508	1,136,351

Rent expense of \$45,843 (2018 - \$45,843) was offset by a grant in-kind.





**June 30, 2019**

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**22. Contractual Obligations**

The Authority has a contract with First Student for student transportation. The Authority is invoiced monthly and the amounts vary depending on a number of factors including: the number of students, routes, and bus passes sold. The contract is renewed until June 2020.

The Authority leases space from Route 51. The contract is renewed until June 2020.

The Authority has a collective bargaining agreement with the NWT Teachers Association for teachers, specialists and education assistance which expired August 31, 2020.

The Authority has a collective bargaining agreement with the United Steelworkers for support staff which expired on June 30, 2019. The Authority will commence negotiations with the United Steelworkers union in the fall of 2019 for the July 1, 2019 to June 30, 2021 contract.

The Authority has a Ricoh photocopy equipment leases and Lenovo lease for computers.

	Expiry Date	2020 \$	2021 \$	Total \$
<b>Equipment Leases:</b>				
Ricoh Route 51	1 July 2021	2,024	2,024	4,048
Ricoh SJF	4 June 2021	7,815	5,861	13,676
Ricoh	30 Mar 2021	20,198	15,149	35,347
Lenovo JHS	1 Nov 2019	796	-	796
Lenovo WMS	1 Apr 2020	3,493	-	3,493
<b>Operational Contracts:</b>				
First Student Bussing	30 Jun 2020	440,000	-	440,000
<b>Commercial &amp; Residential Leases:</b>				
Route 51	30 Jun 2020	37,800	-	37,800
<b>Total</b>		<b>512,126</b>	<b>23,034</b>	<b>535,160</b>

**23. Contingencies**

The Authority does not have contingencies.



**June 30, 2019**

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## **24. Related Parties**

During the year, the Authority entered into transactions with the following related parties:

- Aurora College, common control
- Ecole Allain St. Cyr, common control
- N'Dilo District Education Authority, common control
- Dettah District Education Authority, common control
- Commission Scolaire Francophone Territoires Du Nord Ouest, common control
- Yellowknife Catholic Schools, common control
- South Slave DEC, common control
- Stanton Territorial Health Authority, common control
- Government of the Northwest Territories:
  - Department of Finance, common control
  - Department of Justice, common control
  - Department of Health & Social Services, common control
  - Department of Education, Culture and Employment, common control
  - Department of Municipal and Community Affairs, common control
  - Department of Environment and Natural Resources, common control
  - Department of Infrastructure, common control
  - Department of Industry, Tourism and Investment, common control



# Yellowknife District No. 1 Education Authority

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## Notes to Consolidated Financial Statements

June 30, 2019

### 24. Related Parties (Continued)

	2019	2018
	\$	\$
<b>Due to Related Parties (Accounts Payable):</b>		
<b>Government of the Northwest Territories:</b>		
Department of Finance	-	7,621
<b>Other Education Bodies:</b>		
Commission Scolaire Francophone TNO	15,770	-
<b>Total Due to Related Parties</b>	<b>15,770</b>	<b>7,621</b>
<b>Due from Related Parties (Accounts Receivable):</b>		
<b>Other Education Bodies:</b>		
Dehcho Divisional Education Council	617	-
N'Dilo District Education Authority	150,128	581,638
Dettah District Education Authority	64,391	263,695
Commission Scolaire Francophone TNO	-	19,713
<b>Subtotal - other related parties</b>	<b>215,136</b>	<b>865,046</b>
<b>Government of the Northwest Territories:</b>		
Department of Finance	-	10,214
Department of Education, Culture and Employment	16,688	128,478
<b>Subtotal - Government of the Northwest Territories</b>	<b>16,688</b>	<b>138,692</b>
<b>Total Due from Related Parties</b>	<b>231,824</b>	<b>1,003,738</b>

These balances due from related parties are unsecured, non-interest bearing with no specific terms of repayment.



# Yellowknife District No. 1 Education Authority

(the Authority)

## Notes to Consolidated Financial Statements

June 30, 2019

### 24. Related Parties (Continued)

	2019	2018
	\$	\$
<b>Revenues from Related Parties:</b>		
<b>Government of the Northwest Territories:</b>		
Department of Education Culture & Employment - Regular contributions	28,180,648	27,852,910
Department of Education Culture & Employment - Other contributions	130,000	165,456
Department of Education Culture & Employment - Indigenous languages	69,000	181,000
Department of Education Culture & Employment - French languages	499,250	502,648
Department of Finance - Interest	105,044	69,032
Department of Health & Social Services - GNWT other contributions	20,560	16,290
Department of Municipal and Community Affairs - GNWT other contributions	112,550	128,100
Department of Environment and Natural Resources - GNWT other contributions	8,500	-
<b>Other Education Bodies:</b>		
Commission Scolaire Francophone TNO (CSF TNO)	3,943	21,963
N'Dilo District Education Authority	30,000	30,000
Dettah District Education Authority - Other education bodies	212,325	142,715
South Slave DEC - Other education bodies	-	15,000
<b>Total Revenues from Related Parties</b>	<b>29,371,820</b>	<b>29,125,114</b>





(the Authority)

**Notes to Consolidated Financial Statements**

June 30, 2019

**24. Related Parties (Continued)**

	2019 \$	2018 \$
<b>Expenses Paid to Related Parties:</b>		
<b>Government of the Northwest Territories:</b>		
Department of Infrastructure - Maintenance and repairs	3,803	5,108
Department of Industry, Tourism and Investment - Materials and supplies	-	2,090
Department of Financial and Employee Shared Services - Professional and technical	-	6,875
Department of Justice	100	-
Department of Education, Culture & Employment - Professional and technical	2,175	108,566
<b>Stanton Territorial Health Authority - Maintenance and repairs</b>	<b>6,683</b>	<b>929</b>
<b>Other Education Bodies:</b>		
Yellowknife Catholic Schools - Materials and supplies	-	3,499
Yellowknife Catholic Schools - Contracted services	-	795
Ecole Allain St. Cyr - Materials and supplies	-	305
Yellowknife Dene First Nation - Contracted Services	400	-
South Slave Divisional Education Council - Contracted services	915	-
Deh Cho Divisional Education Council - Materials & supplies	600	-
Aurora College - Professional and technical	-	904
<b>Total Expenses paid to Related Parties</b>	<b>14,676</b>	<b>129,071</b>

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.



**June 30, 2019**

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## **25. Budget Data**

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on June 12, 2018 and submitted to the Minister of Education, Culture and Employment and have not been audited. The Budget for fiscal year 2018/2019 was submitted to the minister on June 29, 2018 the budget deficit is \$359,539.

## **26. Economic Dependence**

The Authority is economically dependent on the Government of the Northwest Territories to provide funding for continued operations. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.



**June 30, 2019**

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## **27. Financial Instruments**

Financial instruments consist of recorded amounts of cash, portfolio investments, due from GNWT, due from Government of Canada and other accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, and wages and employee deductions payable which will result in future cash outlays.

The Authority is exposed to the following risks in respect of certain of the financial instruments held:

### **a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Authority is exposed to credit risk from funding agencies, recipients of services and preschool clients. The Authority has a concentrated risk of credit from two other school districts whose funding also comes from the Department of Education, Culture, and Employment. At June 30, 2019, receivables from two organizations comprised approximately 90% (2018 - 83%) of the total outstanding receivables. Furthermore, there is a concentration risk in cash and portfolio investments the full balance in these accounts is held at two financial institutions. The daily balance in the operating bank account is invested with the GNWT Investment Pool. The Authority is funded by Government of Northwest Territories - Department of Education, Culture, and Employment and other stable organizations, which reduces its exposure to credit risk. Most of the credit risk exposure is with trade receivables, Dettah District Education Authority, and the N'Dilo District Education Authority. The authority reduces its risk exposure by following up on old account receivables for collection and entering into service agreement with well-established organizations. As at June 30, 2019, less than 1% (2018 - 16%) of other account receivable was non-current which represents \$660 (2018 - \$168,374) of the total balance. All of these were deemed collectable, and as a result, none are impaired.

### **b) Interest rate risk**

Interest rate risk is the risk that the fair value of financial instruments will fluctuate because of changes in market interest rate. The Authority is exposed to interest rate risk on its fixed and floating interest rate on cash and portfolio investments. Fixed interest instruments subject the Authority to a fair value risk while the floating rate instruments subject it to cash flow risk (see note 7). The Authority complies with the GNWT financial administration policies and guidelines which reduces its exposure to interest rate risk. Because portfolio investments can be converted into cash on a short notice, the Authority's exposure to market risk is reduced.





(the Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**27. Financial Instruments (Continued)**

**c) Liquidity risk**

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority 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. Some of the Authority's financial assets and most of the financial liabilities at June 30, 2019 mature within the next six months. Total financial assets \$8,712,060 (2018 - \$8,683,013) of which \$2,067,160 (2018 - \$4,051,694) are not expected to mature within one year. Total financial liabilities are \$6,935,045 (2018 - \$7,357,955). The authority has disclosed future financial liabilities and commitments in Note 22.

**28. Expenditures By Object**

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Amortization	-	943,984	914,776
Compensation	29,698,241	30,651,166	28,513,067
Other	6,499,642	6,801,746	7,258,668
	36,197,883	38,396,896	36,686,511

**29. Subsequent Events**

There were no material subsequent events that have taken place between June 30, 2019 and the date of the audit report.

**30. Comparative Figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.



**Yellowknife District No. 1 Education Authority**

(the Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**31. ECE Contributions**

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
Original Contribution	27,742,844	<b>27,792,229</b>	27,289,956
Student Success Initiatives	123,000	<b>123,000</b>	123,000
Updated Average Salary	-	<b>76,924</b>	16,883
Termination Benefits	200,000	<b>111,995</b>	424,938
French Language	500,000	<b>422,000</b>	422,000
Mentorship Release Time	50,000	<b>45,500</b>	54,132
Junior Kindergarten Materials	-	<b>14,000</b>	-
Birchbark Teaching Program	-	<b>140,000</b>	-
<b>Updated Contribution</b>	<b>28,615,844</b>	<b>28,725,648</b>	<b>28,330,909</b>
Indigenous Language	-	<b>69,000</b>	181,000
French Cultural Resources	-	<b>30,250</b>	-
French Library Revitalization	-	-	30,000
French Professional Development	-	-	800
French Partnership Funding SSDEC	-	<b>35,000</b>	35,000
French Language Communications	-	<b>12,000</b>	14,848
Inclusive Education - Self Regulation	-	<b>7,000</b>	5,500
Preschool Attendance (Prior Year difference)	-	-	20,457
Early Childhood Intervention	-	-	16,500
Labour Market Agreement for Persons with Disabilities	-	-	67,000
<b>Total Contributions</b>	<b>28,615,844</b>	<b>28,878,898</b>	<b>28,702,014</b>



**Yellowknife District No. 1 Education Authority**

(the Authority)

**Notes to Consolidated Financial Statements**

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June 30, 2019

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**32. GNWT Other Contributions**

	Budget 2019	Actual 2019	Actual 2018
	\$	\$	\$
<b>Department of Municipal &amp; Community Affairs (MACA):</b>			
Active After School	-	92,550	91,800
Youth Corp	-	20,000	20,000
<b>Department of Health and Social Services (HSS):</b>			
Drop the Pop	-	20,560	16,290
<b>Department of Environment &amp; Natural Resources (ENR):</b>			
Take a Kid Trapping	-	8,500	16,300
Compost Program	-	-	-
<b>Total</b>	-	141,610	144,390

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**June 30, 2019**

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**33. Contingent Assets**

The Authority does not have contingent assets.

**34. Contractual Rights**

The Authority does not have contractual rights.

**35. Environmental Liabilities**

**Liability for Contaminated Sites**

The Authority has identified possible environmental liabilities at William MacDonald School and Range Lake North School that have underground fuel tanks. The Department of Education, Culture and Employment, and the Department of Infrastructure is working towards replacing the underground fuel tanks. The Authority has purchased Environmental Liabilities Insurance in addition to the General Liabilities insurance to ensure adequate insurance coverage for the fuel tanks.

**Environmental Liabilities**

The Authority contracted Associated Environmental to complete a Hazardous Building Materials Assessment on all of the Buildings owned and managed by the Authority. The final reports are completed and a Hazardous Materials management plan is put in place. Liabilities discovered as a result of the assessment were communicated to the GNWT Department of Education, Culture, and Employment. The abatement for the maintenance building was completed in March 2019. A liability has been recorded for the asbestos abatement of the remaining schools identified. This will be on as needed basis as the schools age and wear and tear on the items identified as containing Asbestos. Management will continue to monitor these buildings under the Hazardous Materials management plan.





**Yellowknife District No. 1 Education Authority**

(the Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**36. Accumulated Surplus**

A consolidated statements of funds and surplus and reserves have been prepared as follows:

**Details of Funds**

<b>For the year ended June 30,</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING FUND</b>		
Balance, beginning of year	511,577	566,401
Operating surplus (deficit) (Statement 2)	(1,056,027)	(778,838)
Acquisition of tangible capital assets	(72,881)	(119,792)
Transfer from Investment in Tangible Capital Assets	943,984	914,776
Transfer (to) from Decentralized Surplus	21,056	(140,211)
Transfer to LED reserve	-	(30,518)
Transfer from LED reserve Utilities/LED Lights	97,145	99,759
<b>Balance, end of year</b>	<b>444,854</b>	<b>511,577</b>
<b>INVESTMENT IN TANGIBLE CAPITAL ASSETS</b>		
Balance, beginning of year	12,743,455	13,538,439
Acquisition of tangible capital assets	72,881	119,792
Amortization	(943,984)	(914,776)
<b>Balance, end of year</b>	<b>11,872,352</b>	<b>12,743,455</b>





**Yellowknife District No. 1 Education Authority**

(the Authority)

**Notes to Consolidated Financial Statements**

**June 30, 2019**

**36. Accumulated Surplus (Continued)**

**Details of Surplus and Reserves**

For the year ended June 30,	2019	2018
	\$	\$
<b>DECENTRALIZED SURPLUS</b>		
Balance, beginning of year	386,496	246,285
Transfer (to) from Operating Fund	(21,056)	140,211
Balance, end of year	365,440	386,496
<b>CAPITAL FUND RESERVE</b>		
Balance, beginning of year	904,165	904,165
Balance, end of year	904,165	904,165
<b>LED RESERVE</b>		
Balance, beginning of year	352,796	422,037
Transfer from Operating Fund	-	30,518
Transfer to Operating Fund for Utility Costs	(97,145)	(99,759)
Balance, end of year	255,651	352,796

**Tlicho Community Services Agency  
Education Division  
Behchoko, NT**

**Non-Consolidated Report on Revenues and Expenses  
and Accumulated Surplus  
For the Year Ended June 30, 2019**

**Tlicho Community Services Agency  
Education Division  
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# Tlicho Community Services Agency

## Management Discussion and Analysis June 30, 2019

### Introduction

The Tlicho Community Services Agency (TCSA) is a unique organization in the Northwest Territories in two significant ways.

Firstly, it is a Government of the Northwest Territories Agency, while incorporating the values and principles of the Tlicho people and having the longer term objective of transforming itself into an agency of the Tlicho Government.

Secondly, the Agency is the only one in the Northwest Territories to deliver both the health and social services as well as the education programs under one entity.

The advantage of the TCSA model is it has the ability to effectively integrate the delivery of the health and education programs, especially when it comes to early childhood development.

The Agency's mission statement "Strong Like Two People" was developed to ensure that the TCSA is committed to the development of a continuum of care that will return control of education, health and social programs and services to the people of our communities, support them in the task of strengthening their families, promote the knowledge and skills they need to survive today and model the values they need to live in harmony with their families, our communities and our land.

The TCSA serves a population of approximately four thousand people (4,000) in the communities of Behchoko, Whati, Gameti and Wekweeti. The TCSA delivers its education programs through five schools from kindergarten to grade 12. In fiscal 2018-2019, we had 932 students enrolled in school.

As a result of the Agency delivering both the health and education programs, it also is accountable to both the Government of the Northwest Territories departments of health and education, which have two different fiscal year ends. The Agency prepares annual audited financial statements for health and education as at March 31 which is the Government of the Northwest Territories fiscal year end, as well as these audited reports for the department of education's fiscal year ending June 30.

### Operating Environment

The Agency faces many challenges. Society is changing, our workforce is changing, so to ensure our children and youth have everything they need to become productive, self-sufficient, and successful members of society our schools must change as well: we must teach students how to think, how to analyze, and how to solve problems. In the Northwest Territories, and within the Tlicho region, teachers are changing how they teach, principals are changing how they lead, and school boards are changing the nature and depth of their involvement so that our schools are fully supported in affecting positive changes in developing 21<sup>st</sup> century leaders.





## Tłı̨chǫ̀ Community Services Agency

The major challenge is to bring students up to education levels equal to or exceeding national standards across Canada. This will take time, resources and a strategic plan to achieve. The TCSA continues with its plan, and has established specific measurable goals and objectives to reach its targets.

*These goals can be summarized under the four main pillars of education in the Tlı̨chǫ̀ region.*

- (1) To improve student success in reading and literature.*
- (2) To contribute to the revitalization, maintenance and promotion of Tlı̨chǫ̀ language and culture.*
- (3) To develop learning environments that promote the acquisition of 21<sup>st</sup> Century skills in contextually relevant ways.*
- (4) To ensure all students have an equal opportunity to succeed.*

### **Financial Condition**

The School Operations of the Agency are on a solid footing. Education funding for the Agency is based on a formula, with enrollment numbers each year being the key driver.

The annual budgeted education revenue for the fiscal 2018-2019 was \$ 16,630,180, budgeted expenses were \$17,706,655 and the budgeted deficit was \$ 1,076,475. The reason for the budgeted deficit is related to the department of education's policy on surplus retention. The department's proposed policy is that any surplus in excess of 7 % of the year's total revenue will be returned to the department. As of June 30, 2019, the Agency had an operating deficit in education of \$1,148,098 thereby reducing the accumulated operating surplus to \$1,049,238. As a result, we have spent in accordance with our planned budget and met our target for the fiscal year 2018-2019 – the ending accumulated surplus is at 6% of the total revenue.

The Agency has a dedicated workforce of approximately 110 employees in the delivery of school programs, and administers numerous contracted services providers in the region. Salaries and benefits are the key cost drivers for education, and represent over 84 % of budgeted expenditures.

Education programs are delivered under the main categories of territorial schools, aboriginal languages, inclusive schooling and infrastructure services. Each school principal is responsible for managing his/her expenditures. Schools that do not spend their entire budget can carry forward their surpluses, and schools who overspend must repay the deficits to the Agency.

### **Summary**

In fiscal 2018-2019, the TCSA celebrated the graduation of 24 students obtaining their grade 12.

We will continue to work with the Government of the Northwest Territories and the Tlı̨chǫ̀ Government on improving education results by following our strategic plan and the four pillars of education.





## Tl'cho Community Services Agency

We have the capable people in place who are both strong in their culture and prepared for a changing economic landscape. Like in the rest of Canada, a new economy is emerging that demands workers with “21<sup>st</sup> century skills.” This means high school graduates who have the knowledge, skills, and abilities to think critically, to problem-solve and to communicate effectively. At the foundation of each of these skills is the ability to read and write effectively. Reading is the most crucial skill for success in school and throughout life.

A handwritten signature in blue ink, consisting of several overlapping loops and curves.

Mary Jane Wedzin  
Manager of Financial Services  
Tl'cho Community Services Agency

**To the Minister of Education, Culture and Employment  
Government of the Northwest Territories**

**Management Responsibility for Financial Reporting with respect to the school year ended June 30, 2019**


The Management Discussion & Analysis, Non-Consolidated report on Revenues and Expenses and Accumulated Surplus, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the Agency in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Tlicho Community Services Agency – Education Division have been conducted within the statutory powers of the Education Authority. The operations and administration of the Education Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, FAM, FAMEA, *Human Resources Manual*, Ministerial Directives and the policies of the Education Authority. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that EPR Yellowknife Accounting Professional Corporation have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

**Approved and confirmed on behalf of the Tlicho Community Services Agency**



**Shannon Barnett Aikman, Chief Executive Officer  
Tlicho Community Services Agency**



**Mary Jane Wedzin, Manager of Financial Services**



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ACCOUNTING**  
PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

**To the Minister of Education, Culture and Employment  
Government of the Northwest Territories**

### *Qualified Opinion*

We have audited the Non-Consolidated Report on Revenues and Expenses and Accumulated Surplus of the Tlicho Community Services Agency – Education Division, and a summary of significant accounting policies and other explanatory information (together “the financial statement”) for the year ended June 30, 2019.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying Non-Consolidated Report on Revenues and Expenses and Accumulated Surplus present fairly, in all material respects, the results of operations for the year ended June 30, 2019 in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Qualified Opinion*

The GNWT is responsible for the calculation and distribution of the salaries and wages that appear on the statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Agency’s records.

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 Agency 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 Agency’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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency’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.

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## INDEPENDENT AUDITOR'S REPORT, continued

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 Agency'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 Agency'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 Agency 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 Other Legal and Regulatory Requirements*

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been kept by the Tlicho Community Services Agency, the non-consolidated financial statement is in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Agency.

### *Other Matters*

Our audit was conducted for the purposes of forming an opinion of the non-consolidated financial statement of Tlicho Community Services Agency – Education Division, taken as a whole. The supplementary information included on Schedules 1 to 21 is presented for purposes of additional information and is not a required part of the non-consolidated financial statement. Such supplementary information has been subjected to the auditing procedures only to the extent necessary to express an opinion on the audit of the non-consolidated financial statement taken as a whole.

The Non-Consolidated Report on Revenues and Expenses and Accumulated Surplus for the year ended June 30, 2018, was audited by another auditor that expressed a qualified opinion for the scope limitation on payroll on September 24, 2018.

*EPR Yellowknife Accounting Prof. Corp.*

**EPR Yellowknife Accounting Professional Corporation**  
**Chartered Professional Accountants**  
Yellowknife, NT  
September 13, 2019

**Tlicho Community Services Agency  
Education Division  
Statement of Operations  
For the year ended June 30, 2019**

	Unaudited 2019 Budget	2019 Actual	2018 Actual
<b>Operating Fund - Revenue</b>			
Government of the Northwest Territories			
ECE Regular Contributions	\$ 16,293,580	\$ 16,509,282	\$ 17,488,051
Teaching and Learning Centres	-	101,000	269,000
ECE Other Contributions	140,000	202,915	177,393
Total ECE (Note 9)	<u>16,433,580</u>	<u>16,813,197</u>	<u>17,934,444</u>
GNWT Other Contributions (Note 10)	116,600	131,274	138,802
Total GNWT	<u>16,550,180</u>	<u>16,944,471</u>	<u>18,073,246</u>
Government of Canada - Jordan's Principle	-	271,251	-
Generated Funds			
Investment Income	25,000	61,585	39,494
Donations	-	-	100
Other (Note 11)	55,000	420,461	328,939
Total Generated Funds	<u>80,000</u>	<u>482,046</u>	<u>368,533</u>
<b>Total Revenue</b>	<b><u>16,630,180</u></b>	<b><u>17,697,768</u></b>	<b><u>18,441,778</u></b>
<b>Operating Fund - Expenses</b>			
Administration	1,341,348	1,589,002	952,720
Inclusive Schooling (Schedule 2)	3,452,674	3,387,556	2,840,239
Indigenous Language and Education (Schedule 3)	1,928,628	2,059,020	2,221,871
School Programs	10,984,005	11,810,288	11,605,090
<b>Total Expenses (Note 16)</b>	<b><u>17,706,655</u></b>	<b><u>18,845,866</u></b>	<b><u>17,619,920</u></b>
<b>Operating Surplus/(Deficit)</b>	<b><u>\$ (1,076,475)</u></b>	<b><u>\$ (1,148,098)</u></b>	<b><u>\$ 821,858</u></b>
<b>Opening Accumulated Surplus</b>	<b><u>2,197,336</u></b>	<b><u>2,197,336</u></b>	<b><u>1,375,478</u></b>
<b>Closing Accumulated Surplus</b>	<b><u>\$ 1,120,861</u></b>	<b><u>\$ 1,049,238</u></b>	<b><u>\$ 2,197,336</u></b>
Amortization	-	-	-
Capital acquisitions	(400,000)	(395,955)	-
<b>Closing Operating Accumulated Surplus</b>	<b><u>\$ 720,861</u></b>	<b><u>\$ 653,283</u></b>	<b><u>\$ 2,197,336</u></b>

Approved



Chief Executive Officer



Chairperson

See the accompanying notes and schedules

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**1. Nature of Organization**

The Tlicho Community Services Agency (TCSA) was established under the *Tlicho Government Act* by order of the Minister dated August 4, 2005. Its purpose is to administer and maintain the standards of Health and Educational programs defined under the respective Acts in the Member communities of the Tlicho Region.

The agency was formally the Dogrib Community Services Agency and all assets and liabilities of the DCSB were transferred to the TCSA effective August 4, 2005.

Member communities have formed Community Services Authorities (CSA) which have assumed responsibility to provide sufficient educational programs within their respective communities of Behchoko, Gameti, Wekweeti and Whati. The financial report includes the accounts of the Tlicho Community Services Agency - Education Division (TCSA), and the five schools of the CSA's including Chief Jimmy Bruneau School, Elizabeth Mackenzie Elementary School, Mezi Community School, Jean Wetrade Gameti School, and Alexis Arrowmaker School. All inter-entity balances have been eliminated.

**2. Significant Accounting Policies**

**a) Basis of Accounting**

This financial report has been prepared in accordance to Canadian public sector accounting standards relevant to the report of revenue and expenses. The financial report has, in management's opinion, been properly prepared within reasonable limits of materiality. Requirements of the Education Act are also taken into consideration in preparation of the statement and related notes. The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

**b) Non-Consolidated Report**

This report includes only the revenue and expenses of TCSA - Education Division. Asset, Liability and Equity balances of the organization are not reflected herein. The operations of Health and Social Services are not included in these reports and as such are non-consolidated.

**c) Capital Assets**

All buildings and works, furniture, equipment and vehicles valued in excess of \$50,000 and purchased with the GNWT capital funds are the property of the GNWT. The Minister grants to the Agency full occupancy and use of such facilities and equipment required for the administration and delivery of the education programs within the division. Capital assets with a value of less than \$50,000 are recorded as a current expenditure. Capital assets with a value in excess of \$50,000 provided by the GNWT at no cost are reported at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Other capital assets with a value in excess of \$50,000 are reported at cost and amortized at the following rates:

Class and Rate: Mobile and Heavy Equipment (School Buses):                      7-15 years

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**2. Significant Accounting Policies (cont'd)**

**d) Budget Data**

The *Education Act* of the NWT requires that the Agency prepare an annual budget as outlined in Sections 128 and 129.

The priorities and funding allocations are determined by the Agency and the budget is then legally adopted by a motion of the Agency in accordance with Section 135 (3) of the *Education Act*.

Agency approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by sections 117(2)(k), (l) and (m) of the *Education Act*.

This annual budget includes estimates of revenues, expenses and the net operating surplus/(deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Agency.

The budget may be amended within a given fiscal year in accordance with Agency policy, regulations and approved budget procedures. The budget data presented in the non-consolidated statement reflects the Minister approved budget for the school year.

**e) Measurement Uncertainty**

The preparation of these non-consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Accounts subject to measurement uncertainty are post-employment benefits determined by the actuary.

**f) Revenue Recognition**

**Government Transfers:**

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

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

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

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are recognized as acquired or built.

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**2. Significant Accounting Policies (cont'd)**

**g) Revenue Recognition (cont'd)**

**GNWT - Regular Contributions:**

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

**Other Contributions:**

The Agency follows the deferral method of accounting for other contributions. Unrestricted contribution are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

**g) Deferred Revenue**

Deferred Revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

**h) Payroll Liabilities**

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30<sup>th</sup> which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualised salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Authority determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff is accrued to include earnings to June 30.

**i) Post-Employment Benefits, Compensated Absences, and Termination Benefits**

Under the terms and conditions of employment, education board 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

**Tlcho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**2. Significant Accounting Policies (cont'd)**

**j) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses. Transfers include grants and contributions and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**k) Financial Instruments**

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

Financial instruments held at cost or amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities and deferred revenues. They are initially recorded 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. Future Accounting Changes and Adoption of New Accounting Standards**

**Future Accounting Changes**

- a) Financial Statement Presentation (PS 1201- required when Sections PS 2601 and PS 3450 are adopted)
- b) Foreign Currency Translation (PS 2601 – April 1 2021); Early adoption is permitted
- c) Portfolio Investments (PS 3041- required when Sections PS 1201, PS 2601, and PS 3450 are adopted)
- d) Financial instruments (PS 3450 - April 1, 2021); Early adoption is permitted
- e) Asset Retirement Obligations (PS 3280 – April 1, 2021); Early adoption is permitted.
- f) Revenue (PS 3400 – April 1, 2022); Early adoption is permitted
- g) Student Activity / Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

**Adoption of New Accounting Standards**

Effective April 1, 2018, the new standard from the PSA Handbook Section PS 3430 – restructuring transactions was adopted. There is no significant impact on the consolidated financial statements as a result of adopting the new standards.

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**4. Tangible Capital Assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2019</b>	<b>Net Book Value 2018</b>
Mobile Equipment	\$ 569,273	\$ 173,318	\$ 395,955	\$ -

**5. GNWT Assets Provided at No Cost**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2019</b>	<b>Net Book Value 2018</b>
Alexis Arrowmaker School	\$ 2,412,271	\$ 1,397,450	\$ 1,014,821	\$ 865,507
Chief Jimmy Bruneau School	9,459,123	8,411,190	1,047,933	988,244
Elizabeth MacKenzie School	5,637,997	3,641,609	1,996,388	1,992,986
Jean Wetrade School	10,360,806	3,747,782	6,613,024	6,561,072
Mezi School	6,310,511	5,127,837	1,182,674	1,147,793
Lease Improvement - Nishi Khon	190,000	190,000	-	-
<b>Total</b>	<b>\$ 34,370,708</b>	<b>\$ 22,515,868</b>	<b>\$ 11,854,840</b>	<b>\$ 11,555,602</b>

**6. Post-Employment Benefits, Compensated Absences and Termination Benefits**

In addition to pension benefits the Agency provides severance (resignation and retirement), removal and compensated absences (sick, special, parental and maternity 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 benefits obligation.

Severance benefits are paid to Board employees based on the type of termination (resignation vs. 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.

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

**Tlichon Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**6. Post-Employment Benefits, Compensated Absences and Termination Benefits (cont'd)**

**Valuation results**

The actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2019 and the results extrapolated to June 30, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	<b>Severance and Removal</b>	<b>Compensated Absences</b>	<b>2019</b>	<b>2018</b>
<b>Changes in Obligation</b>				
Accrued Benefit Obligation Beginning of Year	\$ 643,204	\$ 188,077	\$ 831,281	\$ 1,067,481
Current Period Benefit Cost	45,757	17,644	63,401	65,137
Interest Accrued	24,126	7,133	31,259	32,309
Benefits Payments	(62,240)	(38,076)	(100,316)	(129,001)
Plan Amendment	-	-	-	-
Actuarial (Gain)/Loss	170,060	45,486	215,546	(204,645)
<b>Accrued Benefit Obligation End of Year</b>	<b>820,907</b>	<b>220,264</b>	<b>1,041,171</b>	<b>831,281</b>
Unamortized Net Actuarial Gain	346,464	14,342	360,806	673,869
<b>Net Future Obligation</b>	<b>1,167,371</b>	<b>234,606</b>	<b>1,401,977</b>	<b>1,505,150</b>
Other Employee Future Benefits	-	-	-	-
Other Compensated Absences	-	-	-	-
<b>Total Employee Future Benefits and Compensated Absences</b>	<b>\$ 1,167,371</b>	<b>\$ 234,606</b>	<b>\$ 1,401,977</b>	<b>\$ 1,505,150</b>
<b>Benefits Expense</b>				
Current Period Benefit Cost	\$ 45,757	\$ 17,644	\$ 63,401	\$ 65,137
Interest Accrued	24,126	7,133	31,259	32,309
Plan Amendments	-	-	-	-
Amortization of Actuarial Gains	(86,108)	(11,410)	(97,518)	(71,937)
	<b>\$ (16,225)</b>	<b>\$ 13,367</b>	<b>\$ (2,858)</b>	<b>\$ 25,509</b>

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

The expected payments for the next five fiscal years are:

	<b>Severance and Removal</b>	<b>Compensated Absences</b>	<b>Total</b>
2020	\$ 93,023	\$ 31,290	\$ 124,313
2021	83,621	25,159	108,780
2022	76,827	21,322	98,149
2023	60,317	16,837	77,154
2024	60,810	15,482	76,292
	<b>\$ 374,598</b>	<b>\$ 110,090</b>	<b>\$ 484,688</b>



**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**7. Contributions Repayable**

Nil Report

**8. Deferred revenue**

	<b>2019</b>	<b>2018</b>
Ekati Cultural Programs	\$ 42,142	\$ 71,830
Breakfast Club	5,690	2,701
On the Land Collaborative	13,346	-
Public Library	10,184	-
Food First Foundation	1,250	-
Jordan's Principle	258,950	-
Other	10,317	8,921
	<b>\$ 341,879</b>	<b>\$ 83,452</b>

**9. ECE Revenue**

	<b>Budget 2019</b>	<b>2019</b>	<b>2018</b>
Territorial Schools	\$ 10,967,146	\$ 11,155,388	\$ 12,173,976
Inclusive Schooling	2,745,495	2,764,762	2,836,706
Admin. and School Service	938,655	946,556	938,982
Indigenous Languages & Culture	1,642,284	1,642,576	1,538,387
	<b>16,293,580</b>	<b>16,509,282</b>	<b>17,488,051</b>
Teaching and Learning Centres	-	<b>101,000</b>	<b>269,000</b>
Public Library	140,000	162,160	136,268
LMAPD	-	-	35,125
Self-Regulation	-	7,000	6,000
Northern Distance Learning	-	14,546	-
Health & Wellness Curriculum Pilot Program	-	13,250	-
Youth with Disabilities	-	5,959	-
	<b>140,000</b>	<b>202,915</b>	<b>177,393</b>
	<b>\$ 16,433,580</b>	<b>\$ 16,813,197</b>	<b>\$ 17,934,444</b>

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**10. GNWT Other Revenue/Contribution**

		<b>Budget 2019</b>	<b>2019</b>	<b>2018</b>
GNWT - Health and Social Services	Drop the Pop	\$ -	\$ 9,950	\$ 10,448
GNWT - Industry, Tourism & Investment	Harvesting/Trapping	40,000	39,500	37,700
GNWT - Municipal and Community Affairs	Active After School/Youth	76,600	73,200	76,600
GNWT - Municipal and Community Affairs	Youth Contribution (Music)	-	8,624	5,000
GNWT - Municipal and Community Affairs	Youth Contribution (Trips)	-	-	8,000
GNWT - Municipal and Community Affairs	Sport Recreation)	-	-	1,054
		<b>\$ 116,600</b>	<b>\$ 131,274</b>	<b>\$ 138,802</b>

**11. Other Revenue**

		<b>Budget 2019</b>	<b>2019</b>	<b>2018</b>
BHP/Dominion Diamond Ekati Corp.		\$ -	\$ 154,689	\$ 151,181
APPLE School		55,000	63,275	-
Breakfast for Learning/ PC Children Charity		-	20,000	21,927
Food First Foundation		-	4,090	4,163
NWTTA - Student Success Initiatives		-	40,950	28,537
NWTTA - Student Success Initiative (July 2018 CILLDI Courses)		-	36,000	-
Tide Canada Culture (On the Land Collaborative)		-	47,404	10,000
Tlicho Government		-	20,536	46,068
Mackenzie Recreation Assoc.		-	-	5,000
Breakfast Club		-	10,121	10,399
Take It Global		-	813	-
Aboriginal Sport Circle of the NWT		-	2,500	-
Miscellaneous		-	20,083	51,664
		<b>\$ 55,000</b>	<b>\$ 420,461</b>	<b>\$ 328,939</b>

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**12. Related Party Transactions**

The Agency is related, in terms of common ownership, to all GNWT created departments, agencies and corporations. The Agency enters into transactions with these entities in the normal course of operations. The Agency is provided with various administrative services by the GNWT, the value of which is not reflected in this non-consolidated financial statement. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance and utilities and maintenance by Public Works and Services. Transactions with related parties not disclosed elsewhere in the non-consolidated financial statement is disclosed in this note if applicable.

	2019	2018
<b>Revenue From Related Parties:</b>		
Government of Northwest Territories		
Department of Education, Culture & Employment	\$ 16,813,197	\$ 17,934,444
Department of Health and Social Services	9,950	10,448
Department of Industry, Tourism & Investment	39,500	37,700
Department of Municipal and Community Affairs	81,824	90,654
<b>Expense from Related Parties</b>	-	-
<b>Accounts Payable to Related Parties</b>	-	-
<b>Accounts Receivable from Related Parties</b>		
Government of Northwest Territories		
Department of Education, Culture & Employment	\$ 40,823	\$ 49,587

**13. Budget Amounts**

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Agency.

The annual budget includes estimates of revenue and expenses. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Agency.

The budget figures presented are those approved by the Minister of Education, Culture and Employment and have not been audited.

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**14. Economic Dependence**

The Tlicho Community Services Agency - Education Division receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Tlicho Community Services Agency - Education Division operations would be significantly affected.

**15. Prior Year Figures**

The financial statement has been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year surplus.

**16. Expense By Object**

	<u>2019</u>	<u>2018</u>
Compensation	\$ 15,245,688	\$ 14,351,983
Other	3,600,178	3,267,937
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 18,845,866</u>	<u>\$ 17,619,920</u>

**Tlicho Community Services Agency  
Education Division  
Notes to the Non-Consolidated Report on Revenues and Expenses  
For the Year Ended June 30, 2019**

**17. Financial Instruments**

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

**(i) Credit risk**

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

The Agency holds its cash, special purpose funds and trust assets deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are due from various governments, government agencies, corporations and individuals. 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 a portion of accounts receivable are impaired based on specific identification as well as age of receivables.

**(ii) Concentration of credit risk**

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Agency in the event of a default. The Agency does have concentration risk. At June 30, 2019, receivables from the GNWT and related parties accounted for 50% of the total outstanding accounts receivables. The Agency reduces this risk by monitoring overdue balances.

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

**(iii) Liquidity Risk**

Liquidity risk is the risk that the Agency will not be able to meet all cash outflow obligations as they come due. The Agency 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.

**Tlicho Community Services Agency  
Education Division  
Schedule of Expenses  
For the Year Ended June 30, 2019**

	<b>Administration</b>	<b>Inclusive Schooling</b>	<b>Indigenous Language</b>	<b>School Programs</b>	<b>Total</b>
<b>Salaries</b>					
Teachers	\$ -	\$ 1,069,602	\$ 913,043	\$ 7,285,748	\$ 9,268,393
Instructional Asst.	-	1,585,845	258,315	199,166	2,043,326
Non-Instructional Staff	963,845	162,465	393,817	1,559,409	3,079,536
Board Honoraria	20,732	-	-	-	20,732
<b>Employee Benefits</b>					
Benefits/Allowance	3,945	-	-	284,184	288,129
Leave & Termination	224,166	-	-	-	224,166
<b>Services Purchased/Contracted</b>					
Postage/Communication	47,849	-	967	86,776	135,592
Travel/Training	74,515	86,865	76,527	80,306	318,213
Student Transportation	-	-	-	671,497	671,497
Adverting/Printing/Publishing	-	-	-	4,058	4,058
Maintenance and Repairs	-	-	1,163	62,794	63,957
Rentals and Leases	495	-	1,968	49,476	51,939
Contract Services	190,401	200,105	173,533	493,968	1,058,007
<b>Materials/Freight</b>					
Materials	59,578	282,479	238,784	991,332	1,572,173
Freight	3,476	195	903	41,574	46,148
<b>Amortization</b>	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 1,589,002</b>	<b>\$ 3,387,556</b>	<b>\$ 2,059,020</b>	<b>\$ 11,810,288</b>	<b>\$ 18,845,866</b>

**Tlcho Community Services Agency  
Education Division  
Inclusive Schooling Expenses  
For the Year Ended June 30, 2019**

	<b>General Inclusive Schooling</b>	<b>Staff Development</b>	<b>Assistive Technology</b>	<b>Magnet Facilities</b>	<b>Total</b>
<b>Salaries</b>					
Regional Coordinator	\$ 162,465	\$ -	\$ -	\$ -	\$ 162,465
Program Support Teachers	1,069,602	-	-	-	1,069,602
Support Assistants	1,585,845	-	-	-	1,585,845
<b>Employee Benefits</b>					
Employee Benefits/Allowance	-	-	-	-	-
<b>Services Purchased/Contracted</b>					
Professional/Technical	-	-	-	-	-
Travel	11,883	74,982	-	-	86,865
Student Transportation (Bussing)	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-
Maintenance and Repair	-	-	-	-	-
Rental and Leases	-	-	-	-	-
Other Contracted Services	200,105	-	-	-	200,105
<b>Materials/Freight</b>					
Materials	282,479	-	-	-	282,479
Freight	195	-	-	-	195
<b>Total Expense</b>	<b>\$ 3,312,574</b>	<b>\$ 74,982</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,387,556</b>

**Tlicho Community Services Agency  
Education Division  
Indigenous Language and Education Expenses  
For the Year Ended June 30, 2019**

	<b>Student Instruction</b>	<b>Teaching/ Learning Resource</b>	<b>Professional Development</b>	<b>School Programs</b>	<b>Total</b>
<b>Salaries/Honoraria</b>					
ALCBE Teachers	\$ 913,043	\$ -	\$ -	\$ -	\$ 913,043
Language Consultants	-	-	-	-	-
Instruction Assistants	258,315	-	-	-	258,315
Non-Instructional Staff	-	-	-	309,013	309,013
Honoraria	-	-	-	-	-
Elders in Schools	-	-	-	84,804	84,804
<b>Employee Benefits</b>					
Employee Benefits/Allowances	-	-	-	-	-
<b>Services Purchased/Contracted</b>					
Professional/Technical Services	-	-	-	-	-
Travel/Training	738	3,208	-	72,581	76,527
Student Transportation (Bussing)	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-
Maintenance and Repair	1,163	-	-	-	1,163
Rentals/Leases	1,968	-	-	-	1,968
Other Contracted Services	36,119	72,872	-	57,840	166,831
<b>Materials/Freight</b>					
Materials	92,026	144,022	-	10,405	246,453
Freight	30	-	-	873	903
<b>Total Expense</b>	<b>\$ 1,303,402</b>	<b>\$ 220,102</b>	<b>\$ -</b>	<b>\$ 535,516</b>	<b>\$ 2,059,020</b>



**Tlcho Community Services Agency  
Education Division  
Indigenous Language and Education Contributions  
For the Year Ended June 30, 2019**

<b>Contribution Agreement</b>	<b>July 1 to March 31</b>	<b>April 1 to June 30</b>	<b>Total</b>
<b>Revenue</b>			
Funding Received	\$ 101,000	\$ -	\$ 101,000
<b>Expense</b>			
Other O&M	103,879	-	103,879
<b>Net Surplus/(Deficit)</b>	<b>\$ (2,879)</b>	<b>\$ -</b>	<b>\$ (2,879)</b>

**Tlicho Community Services Agency  
Education Division  
Jordan's Principle  
For the Year Ended June 30, 2019**

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>			
Government of Canada - First Nations and Inuit Health Branch	\$ -	\$ 530,201	\$ -
Carry forward from Previous Year	-	-	-
<b>Total Revenue</b>	<b>-</b>	<b>530,201</b>	<b>-</b>
<b>Expense</b>			
Administration	-	-	-
Personnel	-	199,166	-
Transportation	-	-	-
Materials and Supplies	-	-	-
Rent and Utilities	-	-	-
Evaluation	-	-	-
Other	-	72,085	-
<b>Total Expenses</b>	<b>-</b>	<b>271,251</b>	<b>-</b>
<b>Net Surplus/(Deficit)</b>	<b>-</b>	<b>258,950</b>	<b>-</b>
<b>Deferred Revenue</b>	<b>\$ -</b>	<b>\$ 258,950</b>	<b>\$ -</b>

**Tliche Community Services Agency  
Education Division  
Northern Distance Learning  
For the Year Ended June 30, 2019**

	<u>July 1 to March 31</u>	<u>April 1 to June 30</u>	<u>Total</u>
<b>Revenue</b>			
GNWT - Education, Culture and Employment	\$ 13,310	\$ 1,236	\$ 14,546
<b>Expense</b>			
Services Purchased/Contracted	13,310	3,250	16,560
<b>Net Surplus/(Deficit)</b>	<u>\$ -</u>	<u>\$ (2,014)</u>	<u>\$ (2,014)</u>

**Tlicho Community Services Agency  
Education Division  
Student Success Initiatives  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
GNWT - Education, Culture & Employment	\$ 55,000	\$ 55,000
NWTTA	40,950	28,537
<b>Total Revenues</b>	<u>95,950</u>	<u>83,537</u>
<b>Expenses</b>		
Salaries and wages	55,000	55,000
Resources	43,187	31,200
<b>Total Expenses</b>	<u>98,187</u>	<u>86,200</u>
<b>Net Surplus/(Deficit)</b>	<u>\$ (2,237)</u>	<u>\$ (2,663)</u>

**Tlcho Community Services Agency  
Education Division  
Schedule of Specific Program  
Breakfast for Learning / PC Children Charity Snack Program  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>JWGS</b>	<b>EMES</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>					
PC Children Charity	\$ 10,000	\$ 3,000	\$ 7,000	\$ 20,000	\$ 20,000
Breakfast for Learning - Transfer From Deferred Revenue	-	-	-	-	1,927
<b>Total Revenues</b>	<b>10,000</b>	<b>3,000</b>	<b>7,000</b>	<b>20,000</b>	<b>21,927</b>
<b>Expense</b>					
Materials & Supplies	10,011	3,086	7,016	20,113	21,777
<b>Net Surplus/(Deficit)</b>	<b>\$ (11)</b>	<b>\$ (86)</b>	<b>\$ (16)</b>	<b>\$ (113)</b>	<b>150</b>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Drop the Pop  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>EMES</b>	<b>Wekweeti</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>							
GNWT - Health & Social Services	\$ 1,500	\$ 1,050	\$ 625	\$ 1,000	\$ 800	\$ 4,975	\$ 9,950
GNWT - Health & Social Services - A/R	1,500	1,050	625	1,000	800	4,975	-
<b>Total Revenues</b>	<b>3,000</b>	<b>2,100</b>	<b>1,250</b>	<b>2,000</b>	<b>1,600</b>	<b>9,950</b>	<b>9,950</b>
<b>Expense</b>							
Material & Supplies	3,040	2,100	1,250	2,006	1,600	9,996	9,950
<b>Net Surplus/(Deficit)</b>	<b>\$ (40)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6)</b>	<b>\$ -</b>	<b>\$ (46)</b>	<b>\$ -</b>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
On the Land Collaborative  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>EMES</b>	<b>Wekweeti</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>							
TIDES Canada Foundation	\$ 20,000	\$ 15,000	\$ 7,000	\$ 10,000	\$ 8,750	\$ 60,750	\$ 10,000
TIDES Canada Foundation, to Deferred Revenue	(8,230)	-	-	-	(5,117)	(13,347)	-
<b>Total Revenues</b>	<b>11,770</b>	<b>15,000</b>	<b>7,000</b>	<b>10,000</b>	<b>3,633</b>	<b>47,403</b>	<b>10,000</b>
<b>Expense</b>							
Material & Supplies	6,370	14,999	1,565	1,061	1,846	25,841	4,266
Contract Services	5,400	-	5,600	8,924	1,787	21,711	5,750
<b>Total Expense</b>	<b>11,770</b>	<b>14,999</b>	<b>7,165</b>	<b>9,985</b>	<b>3,633</b>	<b>47,552</b>	<b>10,016</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ (165)</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ (149)</b>	<b>\$ (16)</b>

**Tlcho Community Services Agency  
 Education Division  
 Schedule of Specific Program  
 Take a Kid Trapping  
 For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>EMES</b>	<b>Wekweeti</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>							
GNWT - Environment and Natural Resources	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 7,500	\$ 39,500	\$ 37,700
<b>Expenses</b>							
Material & Supplies	2,000	8,001	8,037	3,878	3,411	25,327	10,358
Gasoline	-	-	-	-	834	834	2,205
Contract Services	6,100	-	-	4,150	3,250	13,500	25,240
<b>Total Expenses</b>	<b>8,100</b>	<b>8,001</b>	<b>8,037</b>	<b>8,028</b>	<b>7,495</b>	<b>39,661</b>	<b>37,803</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ (100)</b>	<b>\$ (1)</b>	<b>\$ (37)</b>	<b>\$ (28)</b>	<b>\$ 5</b>	<b>\$ (161)</b>	<b>\$ (103)</b>



**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Active After School Program  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>EMES</b>	<b>Wekweeti</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>							
GNWT - Municipal and Community Affairs	\$ 12,000	\$ 16,300	\$ 16,300	\$ 12,300	\$ 16,300	\$ 73,200	\$ 76,600
GNWT - MACA - Reallocation	1,680	10,220	-	(12,300)	400	-	-
<b>Total Revenues</b>	<b>13,680</b>	<b>26,520</b>	<b>16,300</b>	<b>-</b>	<b>16,700</b>	<b>73,200</b>	<b>76,600</b>
<b>Expenses</b>							
Material & Supplies	13,660	26,504	16,300	-	16,471	72,935	53,056
Contract Services	-	-	-	-	225	225	25,131
<b>Total Expenses</b>	<b>13,660</b>	<b>26,504</b>	<b>16,300</b>	<b>-</b>	<b>16,696</b>	<b>73,160</b>	<b>78,187</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ 20</b>	<b>\$ 16</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ 40</b>	<b>\$ (1,587)</b>

**Tlich Community Services Agency  
Education Division  
Schedule of Specific Program  
Breakfast Club Program  
For the Year Ended June 30, 2019**

	<b>JWGS</b>	<b>EMES</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
Breakfast Club of Canada	\$ 5,610	\$ 7,500	\$ 13,110	\$ 13,100
Breakfast Club of Canada - from Deferred Revenue	2,701	-	2,701	(2,701)
Breakfast Club of Canada - to Deferred Revenue	(5,690)	-	(5,690)	-
<b>Total Revenues</b>	<b>2,621</b>	<b>7,500</b>	<b>10,121</b>	<b>10,399</b>
<b>Expense</b>				
Material & Supplies	2,621	7,473	10,094	10,379
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ 27</b>	<b>\$ 27</b>	<b>\$ 20</b>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Public Library Services  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>EMES</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>						
GNWT - Education, Culture and Employment	\$ 56,000	\$ 35,000	\$ 35,000	\$ 56,000	\$ 182,000	\$ 140,000
GNWT - ECE, to Deferred Revenue	(6,741)	-	-	(3,443)	(10,184)	-
GNWT - ECE, from A/R	(9,967)	(8,919)	(10,360)	(16,608)	(45,854)	45,854
GNWT - ECE, to A/R	-	20,322	15,876	-	36,198	(49,587)
<b>Total Revenues</b>	<b>39,292</b>	<b>46,403</b>	<b>40,516</b>	<b>35,949</b>	<b>162,160</b>	<b>136,267</b>
<b>Expenses</b>						
Salaries & Benefits	7,578	11,315	5,330	9,353	33,576	131,041
Materials & Supplies	-	4,984	2,827	-	7,811	5,794
Contract Services	31,714	30,104	32,359	26,596	120,773	-
<b>Total Expenses</b>	<b>39,292</b>	<b>46,403</b>	<b>40,516</b>	<b>35,949</b>	<b>162,160</b>	<b>136,835</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (568)</b>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Food First Foundation  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>Wekweeti</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>						
Food First Foundation	\$ 1,500	\$ 2,300	\$ 1,250	\$ 290	\$ 5,340	\$ 4,163
Food First Foundation, to Deferred Revenue	-	-	(1,250)	-	(1,250)	-
<b>Total Revenues</b>	<b>1,500</b>	<b>2,300</b>	<b>-</b>	<b>290</b>	<b>4,090</b>	<b>4,163</b>
<b>Expenses</b>						
Materials & Supplies	1,507	-	-	262	1,769	4,193
Contract Services	-	2,490	-	-	2,490	-
<b>Total Expenses</b>	<b>1,507</b>	<b>2,490</b>	<b>-</b>	<b>262</b>	<b>4,259</b>	<b>4,193</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ (7)</b>	<b>\$ (190)</b>	<b>-</b>	<b>\$ 28</b>	<b>\$ (169)</b>	<b>(30)</b>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Youth Contribution  
For the Year Ended June 30, 2019**

	CJBS	Wekweeti	2019	2018
<b>Revenues</b>				
GNWT - Municipal and Community Affairs	\$ 4,000	\$ -	\$ 4,000	\$ 14,054
GNWT - Municipal and Community Affairs - A/R	-	4,624	4,624	-
<b>Total Revenues</b>	<b>4,000</b>	<b>4,624</b>	<b>8,624</b>	<b>14,054</b>
<b>Expenses</b>				
Materials & Supplies	-	-	-	5,000
Travel	-	-	-	9,052
Contract Services	4,000	4,624	8,624	-
<b>Total Expenses</b>	<b>4,000</b>	<b>4,624</b>	<b>8,624</b>	<b>14,052</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>

**Tlcho Community Services Agency  
Education Division  
Schedule of Specific Program  
APPLE School  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
APPLE School Foundation	\$ 63,275	\$ -
<b>Expenses</b>		
Salaries	75,299	-
Materials & Supplies	4,786	-
<b>Total Expenses</b>	<u>80,085</u>	<u>-</u>
<b>Net Surplus/(Deficit)</b>	<u>\$ (16,810)</u>	<u>\$ -</u>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Ekati Mine (Cultural Program)  
For the Year Ended June 30, 2019**

	<b>CJBS</b>	<b>MEZI</b>	<b>JWGS</b>	<b>EMES</b>	<b>Wekweeti</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>							
Ekati Mine	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000	\$ -
Ekati Mine - to Deferred Revenue	(22,868)	-	(19,273)	-	-	(42,141)	-
Ekati Mine - from Deferred Revenue	-	50,000	6,401	15,429	-	71,830	-
<b>Total Revenues</b>	<b>2,132</b>	<b>75,000</b>	<b>12,128</b>	<b>40,429</b>	<b>25,000</b>	<b>154,689</b>	<b>-</b>
<b>Expenses</b>							
Materials & Supplies	1,314	23,087	10,128	40,601	24,529	99,659	-
Gasoline	762	-	-	-	288	1,050	-
Delivery & Courier	-	-	-	-	148	148	-
Travel	56	-	-	-	-	56	-
Minor Equipment <\$5,000	-	3,494	-	-	-	3,494	-
Capital Equipment >\$5,000<\$50,000	-	48,518	-	-	-	48,518	-
Contract Services	-	-	2,000	-	-	2,000	-
<b>Total Expenses</b>	<b>2,132</b>	<b>75,099</b>	<b>12,128</b>	<b>40,601</b>	<b>24,965</b>	<b>154,925</b>	<b>-</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ (99)</b>	<b>\$ -</b>	<b>\$ (172)</b>	<b>\$ 35</b>	<b>\$ (236)</b>	<b>\$ -</b>

**Tliche Community Services Agency  
Education Division  
Schedule of Specific Program  
Self-Regulation  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
GNWT - Education, Culture & Employment	\$ 7,000	\$ -
<b>Expense</b>		
Materials & Supplies	7,042	-
<b>Net Surplus/(Deficit)</b>	<u>\$ (42)</u>	<u>\$ -</u>



**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Health & Wellness Pilot Program  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
GNWT - Education, Culture & Employment	\$ 13,250	\$ -
<b>Expense</b>		
Materials & Supplies	13,250	-
<b>Net Surplus/(Deficit)</b>	<u>\$ -</u>	<u>\$ -</u>

**Tlicho Community Services Agency  
Education Division  
Schedule of Specific Program  
Youth with Disabilities  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
GNWT - Education, Culture & Employment	\$ 5,960	\$ -
<b>Expense</b>		
Contract Services	5,960	-
<b>Net Surplus/(Deficit)</b>	<u>\$ -</u>	<u>\$ -</u>

Financial Statements of

**HAY RIVER HEALTH &  
SOCIAL SERVICES AUTHORITY**

March 31, 2020

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

## Financial Statements

Year ended March 31, 2020

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Management Discussion and Analysis

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Hay River Health & Social Services Authority | Administration des services de santé et des services sociaux de Hay River  
37911 MacKenzie Highway | 37911, route MacKenzie  
Hay River, NT X0E 0R6

## Management Discussion and Analysis

### Introduction

Hay River Health and Social Services Authority (HRHSSA) have a mandate to provide publicly funded health and social services under the Hospital Insurance and Health and Social Services Administration Act. Services are provided to the residents of the Town of Hay River, Hay River Reserve, Enterprise, Kakisa, Fort Providence and Fort Resolution. It is the responsibility of the HRHSSA Public Administrator and Management to promote transparency and accountability. The preparation of the Management Discussion and Analysis is a go-forward method of acknowledging this responsibility.

Our mission is “to provide equitable care and service and encourage individuals, families and communities to make healthy choices” and our values are:

- Caring - with integrity, we treat everyone with compassion, respect, equity, dignity and we value diversity.
- Accountable - we are responsible to utilize our resources efficiently and effectively and report the impact of our work to the community.
- Relationships - we work in collaboration with all residents including individuals, families, communities, staff, other health authorities, and Indigenous Governments.
- Excellence - we pursue continuous quality improvement through innovation, integration and evidence based practice.
- Safety - we place safety at the center of all of our decisions.

Although HRHSSA has remained a separate Health and Social Services Authority, we continue to work in collaboration with the Department of Health and Social Services, Tlicho Community Services Agency and the Northwest Territories Health and Social Services Authority. System transformation has provided an opportunity for improved access to services and quality of care. The Management and staff have continued to strive to provide the best health and best care to all of our clients.

Brain Willows is our Public Administrator and Erin Griffiths, our CEO, leads the Management Team. Members of the Senior Leadership Team are Dale Snow, Director of Client Care Services, Carol Heron-Colosimo, Director, Social Programs, Andrew Laming, Director of Finance and Administration, Jennifer Croucher, Manager, Human Resources, Bonnie Kimble, Manager of Quality and Risk.

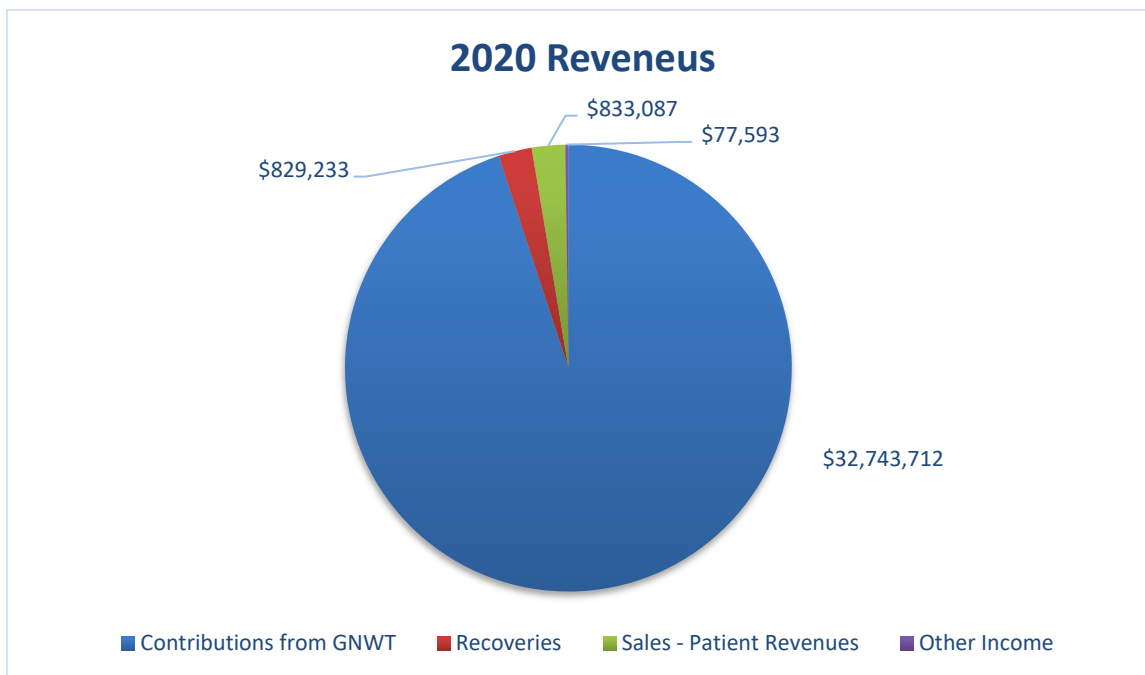
The last four years has shown a decline in the annual deficit due to an increase in the net value of the pension plan asset. The financial statements present an accumulated surplus of \$11,214,039. Including in the deficit is a \$500,000 cash reserve. If we remove the pension plan asset and cash reserve from the effects of the accumulated surplus, there is a resulting adjusted

accumulated deficit of \$5,568,961. This adjusted deficit is due to a non-cash transaction that is based on the requirement to account for the pension liability on a going concern basis. At year end the market value of the pension fund assets were \$16,783,000 higher than the pension obligation.

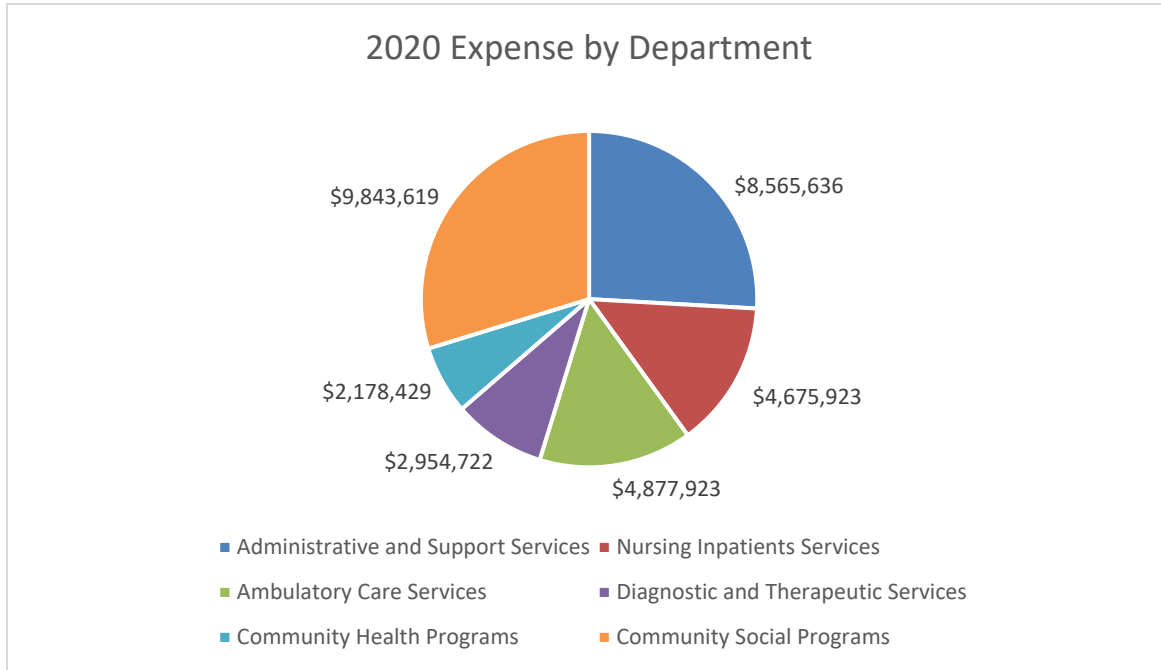
Support services include Human Resources, Finance, Information Services, Material Management, Housekeeping, Laundry services, Engineering services, Dietary, Registration, Medical Records and Electronic Medical Records. The cost of providing basic services continue to grow, however, Management and Staff continuously strive to reduce operating expenditures. Support services costs continue to rise as we face the challenge of recruitment of staff. Ambulatory care costs fluctuate based on the number of locum Physicians that are recruited each year.

### Financial Highlights

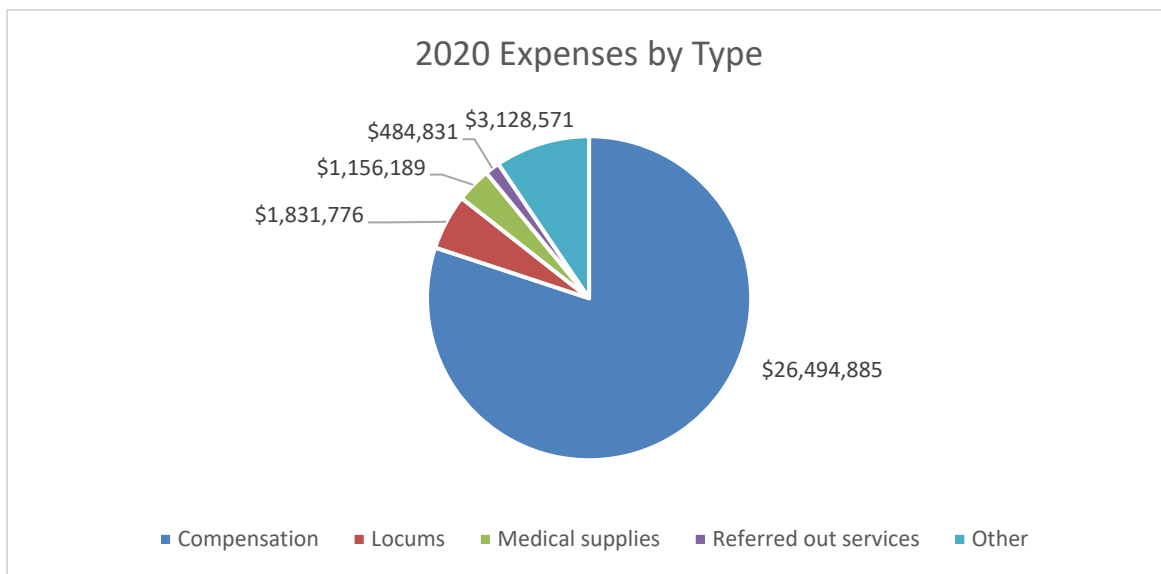
The Authority had \$34.5M in revenues for the year of which 95% of the funds received were obtained from the GNWT, which is consistent with prior years.



The following 2 charts show the breakdowns of expense by department and by type of expense. Expenses by department show that the largest spending in the Authority exists within the Administration and Support Services, Community Social Programs and Nursing Inpatient Services.

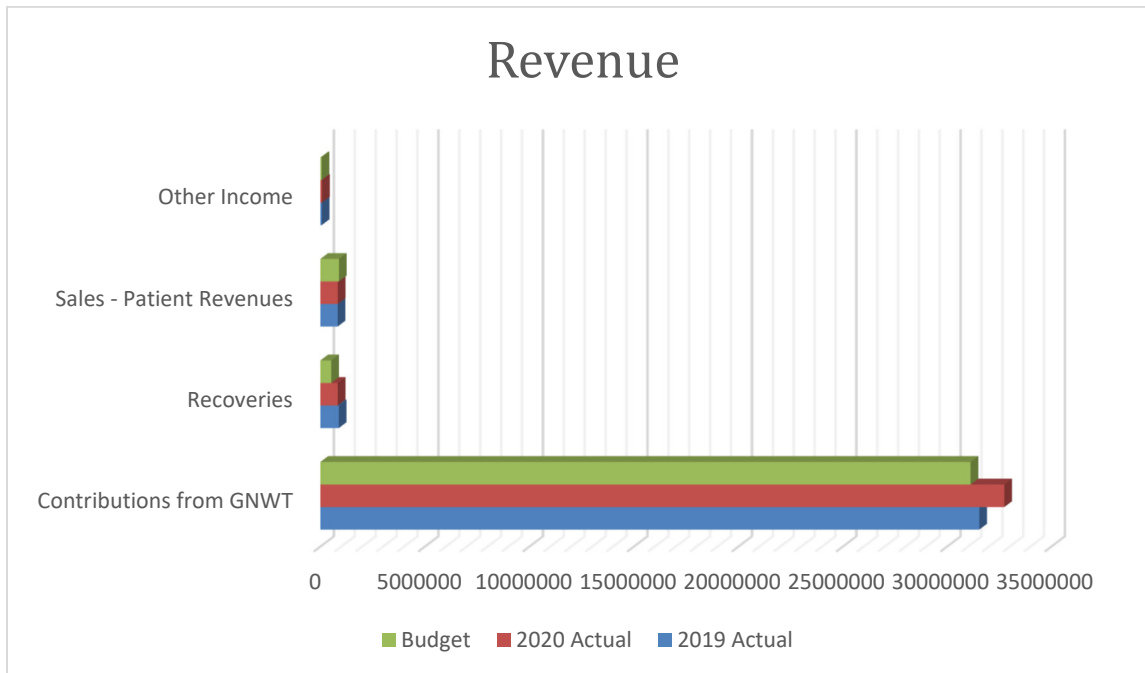


Wages account for 80% of total spending up slightly over prior years due to the collective agreement. Other costs include items such as supplies, referred out services, purchased services personnel, rent, equipment maintenance and other costs associated with the operation of the Authority.



This next group of charts show the current year, prior year and budget numbers for comparative purposes.

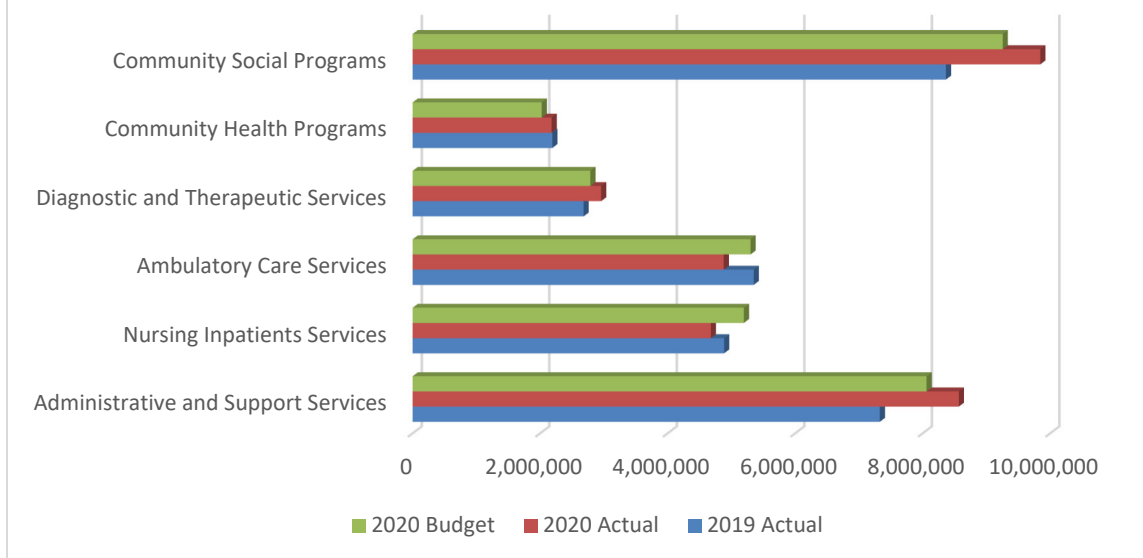
Revenues allocations from year to year and current year to budget are consistent with expectations and no significant variances exist with the exception of the contributions from the GNWT to help fund pension special payments as well as the collective agreement.



In comparing the current year expenses by department to budget, administration costs are higher than budgeted as they include the pension special payments of \$770,000. The variance in Nursing Inpatient Services from budget is due to vacant positions held in the year. Compared to the prior year values, Nursing Inpatient Services has been affected by vacant positions.

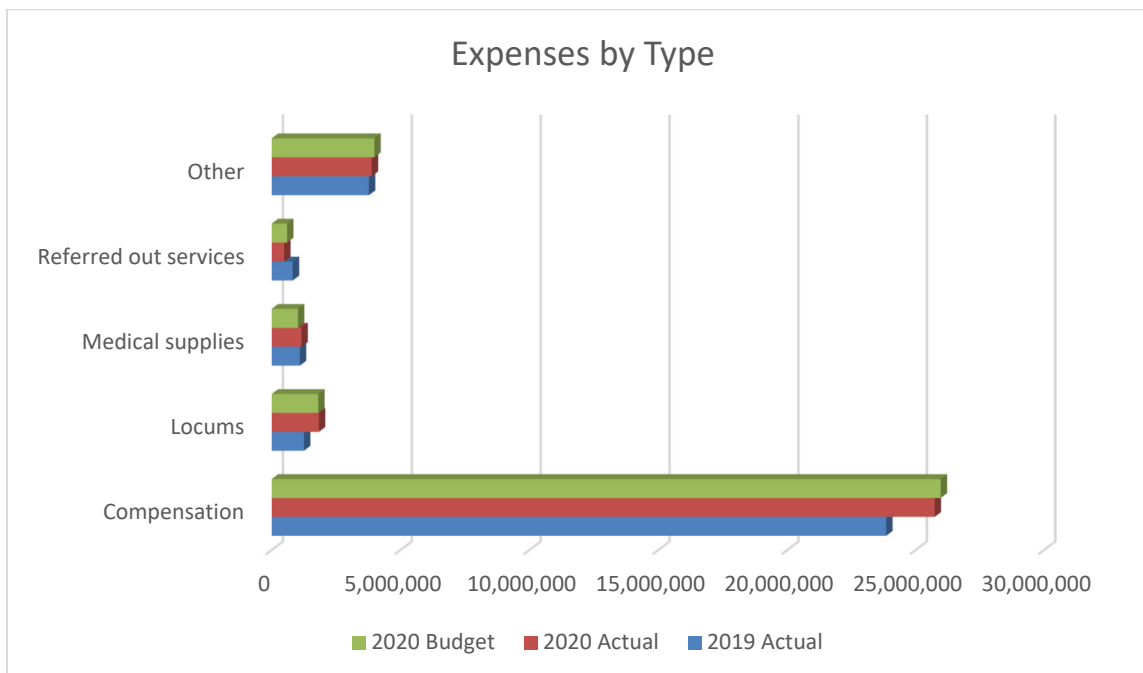


## Expenses by Department



In comparing expenses by type, there variances in salaries for positions that were budgeted for, but not filled due to lack of qualified applicants and funding constraints. Other identifiable variance is from funding provided by GNWT towards the special pension payments.

## Expenses by Type



## Operating Environment

HRHSSA's strength has always been a dedicated and long standing staff in front-line and Manager/Supervisory roles that are dedicated to providing quality care to clients. Management and staff are conscious of our deficit and make decisions that save money and time.

During the year there were 7,643 patients seen in the medical clinic and 6,753 emergency visits.

We continue to adapt to our new facility and based on the feedback and suggestions from our staff, clients and visiting practitioners, over the past year we have made some changes to our workflow to better utilize our resources to meet the needs of our community. We relocated our Emergency Room to be closer to Community Support Beds so that during critical situations, our Acute Care staff would be readily available to support one another and the client in need. We also began running an Outpatient clinic through Ambulatory Care during regular business hours so that our less urgent clients could be seen in a timely manner which in turn reduced the demand on our Emergency Department and our limited Medical Clinic appointments. These changes enabled our Emergency Department to focus on critically ill clients and our Medical Clinic to better utilize the available appointments with our practitioners.

Child and Family Services continues to working along side the NTHSSA to implement new Standards of practice in Child and Family Services. The system is maintaining quarterly quality reviews of child protection services aimed to improve services provided to children and families. Statistics in Child and Family Services in HRHSSA report positive results.

Funding was approved in 2019 to hire (one) additional Child Protection Worker and we have successfully recruited for the position. As of June, 2020, funding has been approved to hire (one) Family Preservation Worker. With a staff compliment of (five) Child Protection Workers and (one) preservation worker services to families will be positively enhanced.

The Community Counseling Program has seen significant change in the past 1 ½ years. The team has gone from a staff compliment of 50% in 2019 to working at full staff compliment as of 2020. With the gradual introduction of the STEP Care Counselling Model, this team has gone from a 29 week waitlist in April, 2019 to a 0 – 48 hr. wait time to see a counsellor by April, 2020. The STEP Care model, will see a shift in how services will be provided to the Community. There will also be greater opportunities to collaborate with other local organizations to enhance Mental Health Services in Hay River.

The Health Family Program has been involved in the Healthy Family Renewal project. The goal of the Renewal project is to have a more system approach to offering services to the families we work with. Some recommended principles intended to guide the program design include; More engagement of families, a stronger focus on culture and language, making the program accessible and inclusive of not only parents and children, but also extended family caregivers. The project intends to focus on strengthening our partnerships with other local level organizations that proved resources and supports for families in Hay River.

The Healthy Family Program team is very excited to have been chosen as one of the sites who will be piloting the new programming.

## Financial Conditions

The financial health of the Authority is in critical condition as the deficit continues to grow and the cash flow continues to decline. The accumulated adjusted deficit can mainly be attributed to staffing costs, which include wages, compensation and locum fees, and account for just over 81% of our spending. Relocation, responsibility pay, maternity/paternity, severance, overtime and standby costs are not included in the core funding. These unfunded items of the collective agreement totalled over \$1,5M. Further there are non-budget items such as pandemic costs of \$145,000 plus sick, special, education and discretionary totalling in excess of \$1,2M,

With cash of \$602,391 and current liabilities of \$3,465,450 it is evident that the liquidity of the Authority is a concern. There is always a constant struggle in the last quarter to ensure bills are paid and payroll is met. In addition to the above mentioned liabilities, there are disputed contributions repayable to the GNWT in the amount of \$1,184,362, which have not been repaid due to cash flow.

The financial statements identify a surplus from operations in the year of \$1,387,373. However, this amount includes both the pension plan and the employee leave and termination benefits. Once these unfunded amounts are backed out of the surplus, the result is a deficit of \$179,461.

	2020 Budget	2020 Actual	2019 Actual
Operating Surplus (Deficit)	(796,458)	<b>1,387,373</b>	2,521,773
Unfunded items			
(Increase) Decrease in post-employment benefits, Note 12	-	<b>(1,656,000)</b>	(2,663,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	<b>89,166</b>	79,632
Adjusted operating surplus (deficit) before the undemoted	(796,458)	<b>(179,461)</b>	(61,595)
Tangible Capital Assets - Rent Expense, Note 15	-	<b>(2,119,933)</b>	(2,027,428)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	<b>2,119,933</b>	2,027,428
<b>Adjusted operating surplus (deficit) for the year</b>	<b>\$ (796,458)</b>	<b>\$ (179,461)</b>	<b>\$ (61,595)</b>

## Summary and Outlook

The 2019-2020 fiscal year represented our efforts to strengthen and establish new relationships internally with our colleagues, and externally with our local and Territorial partners. In developing these relationships, the HRHSSA Senior Leadership Team is keenly aware of the importance of open and effective communication practices across the organization and to the public. HRHSSA leadership has a communication strategy to assist in the continuous improvement of communication to all staff and the public.

Organizational wide improvements continue to be identified and reviewed to ensure HRHSSA delivers quality programs and services that are consistent with our Territorial partners. HRHSSA recognizes that providing culturally appropriate care is necessary to improve better health outcomes. HRHSSA is working in collaboration with our Territorial partners to address improved access to primary health care that can become more culturally safe and will decrease current demand.

Recruitment of health and social services professionals is challenging across Canada and HRHSSA will continue to work with both our local and Territorial partners to enhance our recruitment efforts to attract and retain qualified professionals.

In alignment with our three year Strategic Plan, our focus will move HRHSSA towards a system which will allow us to provide quality care and service while improving access, client experience and build an organizational structure that is supportive and collaborative. Our future is bright, and we look forward to engaging our workforce and our community to develop culturally safe and efficient care and services.

Erin Griffiths  
Chief Executive Officer

July 2, 2020



Hay River Health & Social Services Authority | Administration des services de santé et des services sociaux de Hay River  
 37911 MacKenzie Highway | 37911 route Mackenzie  
 Hay River, NT X0E 0R6 | ☎ (867) 874-8000 📠 (867) 874-8141

**To the Minister of Health and Social Services**

**Management Responsibility for Financial Reporting for the year ended March 31, 2019**

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (PSAS) as well as the Financial Administration Manual (FAM) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Hay River Health and Social Services Authority (the Authority) have been conducted within the statutory powers of the Authority. The operations and administration of the Authority and its supporting internal controls are regularly monitored to ensure their effectiveness and continued compliance with all relevant legislation, standards, directives and policies including, but not limited to, the Financial Administration Act, PSAS, FAM, Human Resources Manual, Ministerial Directives and the policies of the Authority's Public Administrator. Any non-compliance has been specifically identified and has been communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services of the Government of the Northwest Territories.

**Approved and confirmed on behalf of the Hay River Health and Social Services Authority**

  
 \_\_\_\_\_  
 Erin Griffiths  
 Chief Executive Officer  
 Hay River Health & Social Services Authority

July 2, 2020  
 \_\_\_\_\_  
 Date



## INDEPENDENT AUDITORS' REPORT

To the Minister of Health and Social Services and  
the Chief Executive Officer:

### Unqualified Opinion

We have audited the accompanying financial statements of Hay River Health and Social Services Authority (the Authority) which comprise the statement of financial position as at March 31, 2020, 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 and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Hay River Health and Social Services Authority as at March 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards. Furthermore, in our opinion, these statements present fairly, in all material respects, the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more in Schedule A and A-1 for the year ended March 31, 2020, in accordance with the provisions established by the individual contribution agreements.

### 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 Authority 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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:

## Independent Auditor's Report to the Hay River Health & Social Services Authority (continued)

- 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 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 Authority'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 Authority'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 Authority 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  
Chartered Professional Accountants

Hay River, NT  
July 2 2020

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Financial Position

Statement I

March 31, 2020

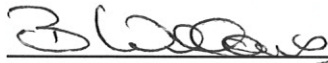


	2020	*2019
<b>Financial Assets</b>		
Cash and cash equivalents, Note 4	\$ 602,391	\$ 392,891
Accounts receivable, Note 7	1,081,430	1,284,947
Due from Government of Canada, Note 10	3,434	53,457
Trust assets, Note 14	74,027	84,486
Pensions asset, Note 12	16,783,000	15,127,000
<b>Total Financial Assets</b>	<b>\$ 18,544,282</b>	<b>\$ 16,942,781</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities, Note 9	697,356	1,159,884
Employee and payroll-related liabilities, Note 9	2,694,836	1,900,861
Due to Government of Canada, Note 10	-	-
Contributions repayable, Note 27	2,582,320	2,603,904
Employee future benefits and compensated absences, Note 13	1,633,970	1,723,136
Accountable capital advance, GNWT, Note 28	5,829	5,829
Deferred revenue, Note 26	56,633	56,633
Trust liabilities, Note 14	73,258	83,690
<b>Total Liabilities</b>	<b>7,744,202</b>	<b>7,533,937</b>
<b>Net Financial Assets (Debt)</b>	<b>\$ 10,800,080</b>	<b>\$ 9,408,844</b>
<b>Non-Financial Assets</b>		
Inventory held for use, Note 8	\$ 205,459	\$ 217,260
Prepaid expenses and deposits, Note 25	208,500	200,562
<b>Total Non-Financial Assets</b>	<b>\$ 413,959</b>	<b>\$ 417,822</b>
<b>Accumulated Surplus (Deficit), Note 29</b>	<b>\$ 11,214,039</b>	<b>\$ 9,826,666</b>

\* Reclassified for comparative purposes

Contractual obligations, Note 16

Contingent liabilities, Note 17

Approved on behalf of the Authority:

  
 \_\_\_\_\_ Public Administrator  
  
 \_\_\_\_\_ Chief Executive Officer  
  
 \_\_\_\_\_ Director of Finance



# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Operations

Statement II

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
<b>Revenue</b>			
Contributions from GNWT, Schedule A	\$ 31,124,928	\$ 32,743,712	\$ 31,540,581
Recoveries	519,720	829,233	880,545
Sales - Patient Revenues	885,408	833,087	825,923
Contributions from Other Sources	-	-	-
Other Income	-	-	2,559
Interest	60,000	77,593	65,145
<b>Total Revenue</b>	<b>32,590,056</b>	<b>34,483,625</b>	<b>33,314,753</b>
<b>Expenses</b>			
Administrative and Support Services	8,059,536	9,546,636	9,045,585
Nursing Inpatients Services	5,194,692	4,675,923	4,883,897
Ambulatory Care Services	5,299,152	4,877,923	5,349,141
Diagnostic and Therapeutic Services	2,786,520	2,954,722	2,680,434
Community Health Programs	2,022,672	2,178,429	2,189,701
Community Social Programs	9,253,938	9,843,619	8,363,931
Supplementary Health Programs	-	-	-
Undistributed	770,004	(981,000)	(1,719,709)
<b>Total Expenses, Note 24</b>	<b>33,386,514</b>	<b>33,096,252</b>	<b>30,792,980</b>
Operating Surplus (Deficit)	(796,458)	1,387,373	2,521,773
<b>Unfunded items</b>			
(Increase) Decrease in post-employment benefits, Note 12	-	(1,656,000)	(2,663,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	89,166	79,632
Adjusted operating surplus (deficit) before the undernoted	(796,458)	(179,461)	(61,595)
Tangible Capital Assets - Rent Expense, Note 15	-	(2,119,933)	(2,027,428)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	2,119,933	2,027,428
<b>Adjusted operating surplus (deficit) for the year</b>	<b>\$ (796,458)</b>	<b>\$ (179,461)</b>	<b>\$ (61,595)</b>
Opening Accumulated Surplus (Deficit)		\$ 9,826,666	\$ 7,304,893
Prior year restricted physician funds allocated		-	-
Operating Surplus (Deficit)		1,387,373	2,521,773
<b>Closing Accumulated Surplus (Deficit)</b>		<b>\$ 11,214,039</b>	<b>\$ 9,826,666</b>

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Changes in Net Financial Resources

Statement III

For the year ended March 31, 2020

	<b>2020</b>	2019
Annual surplus (deficit)	\$ <b>1,387,373</b>	\$ 2,521,773
Adjustments		
(Increase) Decrease in inventory	<b>11,801</b>	(13,246)
(Increase) Decrease in prepaids and deposits	<b>(7,938)</b>	71,552
Increase (Decrease) in net financial assets	<b>1,391,236</b>	2,580,079
Net financial resources, beginning of year	<b>9,408,844</b>	6,828,765
Net financial resources, end of year	\$ <b>10,800,080</b>	\$ 9,408,844

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Cash Flow

Statement IV

For the year ended March 31, 2020

	2020	2019
<b>Operating Activities</b>		
Annual surplus (deficit)	\$ 1,387,373	\$ 2,521,773
Items not affecting cash:		
(Increase) Decrease in pensions, Note 12	(1,656,000)	(2,663,000)
	<b>(268,627)</b>	<b>(141,227)</b>
Changes in non-cash assets and liabilities		
Decrease (Increase) in due to/from the Government of Canada	50,023	(53,526)
Decrease (Increase) in accounts receivable	203,517	(773,438)
Decrease (Increase) in inventory	11,801	(13,246)
Decrease (Increase) in prepaids	(7,938)	71,552
Increase (Decrease) in accounts payable and payroll liabilities	331,447	245,376
Increase (Decrease) in contributions repayable	(21,584)	249,399
Increase (Decrease) in employee future benefits	(89,166)	79,632
Increase (Decrease) in capital advances	-	-
Increase (Decrease) in deferred revenues	-	(741,000)
Increase (Decrease) in trust liability	(10,432)	8,639
	<b>467,668</b>	<b>(926,612)</b>
Cash from operations	<b>199,041</b>	<b>(1,067,839)</b>
<b>Financing Activities</b>	-	-
<b>Investing Activities</b>	-	-
Change in cash during the year	<b>199,041</b>	<b>(1,067,839)</b>
Cash, beginning of year	<b>477,377</b>	<b>1,545,216</b>
Cash, end of year	\$ <b>676,418</b>	\$ <b>477,377</b>
Cash consists of :		
Cash and cash equivalents, Note 4	\$ 602,391	\$ 392,891
Trust asset, Note 14	74,027	84,486
	\$ <b>676,418</b>	\$ <b>477,377</b>

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

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## Note 1. Hay River Health & Social Services Authority

The Hay River Health & Social Services Authority (the Authority) was established under the Societies Act on November 1, 2003. The Authority operates under the Hospital Insurance and Health and Social Services Act of the Northwest Territories to manage, control and operate the public health facilities and services assigned to it by the Government of the Northwest Territories Department of Health and Social Services.

The Authority is a public body performing a function of the Government of the Northwest Territories. Paragraph 149(1)(c) of the Federal Income Tax Act provides that a public body performing a function of government in Canada is exempt from taxation.

## Note 2. Significant Accounting Policies

### Basis of Presentation

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Canadian Public Sector Accounting Board and by the directive of the Government of the Northwest Territories - Department of Health and Social Services (DHSS). Significant aspects of the accounting policies adopted by the Authority are as follows:

The financial statements do not include the assets, liabilities and activities of any organizations that are related to the Authority, such as the Hay River Health and Wellness Foundation.

### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenses are recorded as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

### Fund Accounting

The accounts of the Authority are maintained in accordance with fund accounting procedures. The operations of the Authority are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Authority are as follows:

Operating Fund - activities associated with the Authority's daily operations.

Employee Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through regular annual allocations from the Government of the Northwest Territories (GNWT).

### Revenue and Expenditure Recognition

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimating is impracticable.

The Authority is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS. Under the arrangement, the Authority is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required

Other revenue is recognized when the service is performed or the goods are provided.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

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## Note 2. Significant Accounting Policies (continued)

### Revenue and Expenditure Recognition (continued)

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 revenues when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligible criteria have been met and reasonable estimates of the amounts can be determined.

The Authority follows the deferral method of accounting for restricted contributions. These revenues are recognized in the year in which the related expenditures 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.

Expenditures are recognized in the period the goods and services are acquired, a liability is incurred or transfers are due.

### Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and balances within banks, net of outstanding cheques, and are not subject to significant risk of changes in value.

### Reserves

The DHSS policy requires the Authority to establish the following reserves:

Surplus Reserve - reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Employee Future Benefit Reserve - the funds received in advance for the severance liability of employees who were transferred to the Authority from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the Authority.

Cash Reserve - established for the purpose of assisting with any future short-term cash deficiency. Withdrawals from the reserve will be made only when an insufficient cash balance exists to make necessary payments. Appropriations to this reserve will be done to maintain the \$500,000 balance as approved by the GNWT.

The Authority does not have sufficient funds to cover these reserves.

### Tangible Capital Assets

The GNWT retains ownership of all tangible capital assets (TCA) used by the Authority, or purchased by the Authority (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual of the GNWT over the following terms:

Buildings	40 years
Hardware and Software Systems	5 - 10 Years
Major Medical Equipment	5 - 15 Years
Leasehold Improvements	Lesser of useful life or lease term plus renewal

The TCAs used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the rent expense amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

---

## Note 2. Significant Accounting Policies (continued)

### Inventories of Supplies

Inventories of supplies include inventory held for use in the process of providing the services of the Authority. Inventories consist of equipment, parts, pharmaceuticals and office supplies, which are distributed to clients at no or nominal charges. Inventory is recorded at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis using average cost.

### Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, Health Authority 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 services. 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 services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

For benefits earned prior to September 1, 1996 but still outstanding, no accrual is made for contingent revenue as described in Note 13. The revenue is expected to be received in the year that the outstanding liability falls due.

### Pensions

Pension benefits to the Retirement Plan for Employees of the Hay River Health and Social Services Authority are reported on an actuarial going concern 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.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by the Government of Canada. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis.

### Financial Instruments

All significant financial assets, liabilities and equity instruments of the Authority are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, credit risk, liquidity risk and actuarial risk. Where practical the fair values of financial assets and liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

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## Note 2. Significant Accounting Policies (continued)

### Financial Instruments (continued)

The Authority's accounting policy for financial instruments is as follows:

This category includes cash, trust assets, accounts receivable, accounts payable, accrued liabilities, payroll liabilities, capital advances, and trust liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Financial instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized costs and tested for impairment at each reporting date. Any impairments of the financial assets is charged to income in the period in which the impairment is determined. In the event that a previously impaired asset increases and the increase can be related to an event that occurred after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement.

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

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

Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

### Non-Financial Assets

Non-financial assets are accounted for as assets by the Authority because they can be used to provide government services in futures periods. These assets are not available to discharge existing liabilities. 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 of revenues over expenses, provides the consolidated change in net financial assets (debt) for the year.

### 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 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.

### Segmented Information

The Hay River Health & Social Services Authority segments its operating expenses for financial reporting purposes based upon areas of service type. This information is provided on the statement of operations.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 3. Future Accounting Changes

### Revenue - Section PS 3400

PSAB has implemented changes to Section PS 3400 - Revenue, that specifically outlines the accounting treatment and reporting of revenues arising from transactions that include performance obligations; such that the revenues should not be realized until the entity has satisfied the performance obligations. These changes are to be applied to fiscal years beginning on or after April 1, 2022, but early adoption is permitted. The updated PS 3400 has not yet been adopted by the Authority and the impact of the transition to these changes has not yet been determined.

## Note 4. Cash and Cash Equivalents

	2020	2019
Cash	\$ 602,391	\$ 392,891

## Note 5. Special Purpose Funds - Nil Report

## Note 6. Portfolio Investments - Nil Report

## Note 7. Accounts Receivable

	Receivables 2020	AFDA 2020	Net 2020	Net 2019
Due from GNWT - HSS	\$ 790,551	\$ -	\$ 790,551	\$ 989,270
Due from GNWT - Finance	12,690	-	12,690	5,163
Due from GNWT - Infrastructure	4,189	-	4,189	5,275
Due from GNWT - Justice	1,549	-	1,549	978
Due from GNWT - Human Resources	-	-	-	-
Due from Government of Nunavut	-	-	-	-
Due from WSCC	29,587	-	29,587	63,939
Due from NTHSSA	59,336	-	59,336	33,752
Hay River Hospital & Wellness Foundation	381	-	381	-
GST rebate receivable	17,442	-	17,442	18,042
General accounts receivable	242,344	(76,639)	165,705	168,528
	\$ 1,158,069	\$ (76,639)	\$ 1,081,430	\$ 1,284,947

## Note 8. Inventories

	2020	2019
Medical and surgical	\$ 150,314	\$ 168,699
Pharmaceutical	22,224	20,699
Laboratory	10,249	10,456
Other supplies	22,672	17,406
	\$ 205,459	\$ 217,260

Inventories are held for consumption in the process of providing services and are distributed at no charge or for a nominal fee.



# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 9. Accounts Payable and Accrued Liabilities

	2020	2019
Due to GNWT - HSS	\$ 2,954	\$ 30,784
Due to GNWT - Finance	-	33,056
Due to GNWT - Justice	-	-
Due to GNWT - Infrastructure	567	5,768
Due to NTHSSA	51,955	92,311
Due to Government of Nunavut	-	-
Due to WSCC	-	-
Hay River Hospital & Wellness Foundation	681	623
Accounts payable and accrued liabilities	565,264	930,544
Unspent donations	18,156	18,156
Special purpose fund liabilities	57,779	48,642
	<b>697,356</b>	1,159,884
Payroll liabilities	<b>2,694,836</b>	1,900,861
	<b>\$ 3,392,192</b>	<b>\$ 3,060,745</b>

## Note 10. Due From and To the Government of Canada

	2020	2019
Receivables		
NIHB administration support funding	\$ -	\$ 50,000
Miscellaneous receivable	3,434	3,457
	<b>\$ 3,434</b>	<b>\$ 53,457</b>
Payables		
Advances for projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous payables	-	-
	<b>\$ -</b>	<b>\$ -</b>

## Note 11. Capital Lease Obligations - Nil Report

## Note 12. Pensions

The Authority sponsors a contributory defined benefit pension plan for substantially all of its employees called "Retirement Plan for Employees of the Hay River Health and Social Services Authority". The net value of the plan asset and liability is recorded on the statement of financial position based on the funded status of the plan on a going concern valuation performed by an independent actuary. An actuary valuation is done on an annual basis as of January 1 and is extrapolated to March 31 for presentation on the financial statements. The extrapolation assumes that from January 1 to March 31 the plan will follow the pattern from the January 1 valuation exactly, but actual contribution amounts are used.

Employees are required to contribute 8.15% of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) plus 10.4% of their earnings, if any, in excess of the YMPE. The Authority contributes to the plan 1.88 (prior to January 1, 2020 was 1.68) times the employee portion and provides additional funding when the present value of the obligation under the solvency method exceeds the accumulated assets available to fund the member's benefit entitlements in the plan.

The pension plan provides benefits based on the number of years of credited service limited to the maximum allowed within the plan. Benefits are determined by a formula set out within the plan; they are not based on the financial status of the pension plan. The basic benefit formula is 1.5 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings up to the YMPE and 2% for amounts in excess of the YMPE.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 12. Pensions (continued)

	2020	2019
Accrued benefit obligation	\$ 50,238,000	\$ 42,022,000
Market-related value of pension fund assets	67,021,000	60,691,000
	<b>(16,783,000)</b>	(18,669,000)
Unamortized actuarial gains / (losses)	<b>(1,945,000)</b>	3,542,000
Pension liability (accrued asset)	\$ <b>(18,728,000)</b>	\$ (15,127,000)
Impairment on value of accrued pension asset	<b>1,945,000</b>	-
Adjusted pension liability (accrued asset) realizable by the Authority	\$ <b>(16,783,000)</b>	\$ (15,127,000)

The pension liability (asset) includes the following components:

	2020	2019
Pension liability (accrued asset) - beginning of year	\$ <b>(15,127,000)</b>	\$ (12,464,000)
Cash items:		
Member contributions	<b>(1,172,000)</b>	(1,122,000)
Employer contributions	<b>(3,405,000)</b>	(3,027,000)
Benefit payments	<b>(2,236,000)</b>	(4,596,000)
Drawdown from plan assets	<b>2,236,000</b>	4,596,000
Net change to pension liability from cash items	<b>(4,577,000)</b>	(4,149,000)
Accrual items:		
Current period benefit cost	<b>2,741,000</b>	2,684,000
Amortization of actuarial gains/losses	<b>(705,000)</b>	(352,000)
Interest on average accrued benefit obligation	<b>2,281,000</b>	2,149,000
Expected earnings on average pension fund assets	<b>(3,341,000)</b>	(2,995,000)
	<b>976,000</b>	1,486,000
Pension liability (accrued asset) before impairment	\$ <b>(18,728,000)</b>	\$ (15,127,000)

The pension expense (revenue) is included in the statement of operations as a component of undistributed amounts.

	2020	2019
Pension expense (revenue)	\$ <b>(1,656,000)</b>	\$ (2,663,000)
Expected earnings on plan assets	<b>5.22%</b>	6.05%
Actual earnings on plan assets	<b>5.23%</b>	6.50%
Difference between actual and expected	<b>0.01%</b>	0.45%

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 12. Pensions (continued)

### Valuation method and assumptions:

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The net unamortized actuarial loss is to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the government's best estimates. The significant actuarial assumptions and rates are listed below:

	2020	2019
Date of actuarial valuation	1-Jan-20	1-Jan-20
Date of next valuation	1-Jan-21	1-Jan-20
Discount rate at valuation	4.55%	5.40%
Date of audited financial statements	31-Mar-20	31-Mar-20
Discount rate at March 31 extrapolation	4.85%	5.40%
Market value of the plan assets	\$ 65,275,000	\$ 58,556,000
Expected return on plan assets	5.40%	5.15%
Future inflation	2.00%	2.00%
Future compensation increases	2.50%	2.50%
Expected average remaining service life (years)	7.7	7.4

The asset was valued using an adjusted market value method, which spreads out any variance between the return on investment accrued in the year and the expected return on the investments using the going concern rates as outlined above. Inclusion rates for these variances are 33% of the prior year, 67% of the variance from 2 years prior and 100% of all variances beyond. This assumption allows for a smoothed value of the asset.

The employer funding targets, under the going concern method, are valued using the actuarial cost method, which allows for a more accurate matching of accrued benefits to contributions. The funding target is equal to the present value of the benefit based on employee service years incurred prior to the valuation date and the projected average earnings upon retirement. A deficit results when the market value of the investment is less than the funding target. By law, a deficit must be funded over a max of 15 years through special payments and a surplus can be used to pay current employer contributions. There is a plan surplus under the going concern method. Under the solvency method of accounting, it is assumed that all employees that are eligible for the pension plan will cease being members and will be paid out based on their situation as of the valuation date. Under the solvency method there is a plan deficit that is required to be funded in accordance with the requirements of the Pension Benefits Standards Act, 1985 with minimum special payments over a 5 year term of \$32,500 per month.

### Plan amendments:

As at the valuation date, there have been no amendments to the plan since the date of the previous valuation.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 13. Employee Future Benefits and Compensated Absences

In addition to pension benefits, the Authority 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 obligation.

Severance benefits are paid to the Hay River Health and Social Services Authority 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.

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 categories were valued using a projection methodology based on the date employees are projected to leave the Authority.

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

### Valuation Results

The actuarial valuation was completed as at March 31, 2020. The effective date of the next actuarial valuation is March 31, 2021. The liabilities are actuarially determined as the present value of the accrued benefits at February 15, 2020 and the results extrapolated to March 31, 2020. The values presented below are the benefits under the Compensated Absences and Termination Benefits for the Authority extracted from the valuation report for the consolidated Government of the Northwest Territories.

	Severance and Removal	Compensated Absences	2020	2019
<u>Change in Obligation</u>				
Accrued benefit obligation, opening	\$ 2,551,987	\$ 192,262	\$ 2,744,249	2,417,901
Current period benefit costs	187,524	13,752	201,276	198,374
Interest accrued	78,231	5,877	84,108	92,211
Benefit payments	(177,484)	(360,292)	(537,776)	(330,099)
Plan amendments	-	-	-	-
Actuarial gains (losses)	(335,411)	321,541	(13,870)	365,862
Accrued benefit obligation, closing	2,304,847	173,140	2,477,987	2,744,249
Unamortized net actuarial (gain) loss	(22,807)	(821,210)	(844,017)	(1,021,113)
Accrued benefit (liability) asset	2,282,040	(648,070)	1,633,970	1,723,136
Other employee future benefits	-	-	-	-
Other compensated absences	-	-	-	-
Total employee future benefits and compensated absences	\$ 2,282,040	\$ (648,070)	\$ 1,633,970	\$ 1,723,136
<u>Benefits Expense</u>				
Current period benefit cost	187,524	13,752	201,276	198,374
Interest accrued	78,231	5,877	84,108	92,211
Plan amendments	-	-	-	-
Amortization of actuarial (gain) loss	74,913	88,313	163,226	119,146
	\$ 340,668	\$ 107,942	\$ 448,610	\$ 409,731

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

**Note 13. Employee Future Benefits and Compensated Absences (continued)**

The discount rate used to determine the accrued benefit obligation is an average of 2.70%, down from the prior years rate of 3.20% . No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
2021	\$ 422,457	\$ 34,685	\$ 457,142
2022	323,893	24,767	348,660
2023	257,879	18,508	276,387
2024	225,205	15,524	240,729
2025	194,301	12,514	206,815
	<b>\$ 1,423,735</b>	<b>\$ 105,998</b>	<b>\$ 1,529,733</b>

**Contingent Revenue**

Revenue of \$55,841 representing accrued severance and removal for employees on August 31, 1996 and which, in management's view, pursuant to the terms of the transfer agreement on that date between the GNWT and the Town of Hay River, is owed to the Authority by GNWT, has not been recorded in these financial statements. Recognition of this amount is contingent upon GNWT agreeing to payment terms.

**Note 14. Trust Assets and Liabilities**

The amount held in patient trust assets are funds held on behalf of the patients in residential care. The funds do not belong to the Authority as they are restricted for those patients. The amount in the patient trust liability is equivalent to the balance owed to the residential care patients. The discrepancy between the trust asset and liability are for amounts deposited into the bank account in error.

	2020	2019
Patient Trust Asset	\$ 74,027	\$ 84,486
Patient Trust Liability	\$ 73,258	\$ 83,690

**Note 15. Services Provided Without Charge**

During the year, the Authority received without charge from the Government various administrative services, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, actuarial valuations and internal audit services provided by the Department of Finance and use of vehicles, building repairs and utilities by the Department of Public Works.

The Authority also receives from the Government, without any rental charges, the use of facilities and equipment to provide public health and social services. The rental facilities used include the new Hay River Regional Health Center, the HH Williams Memorial Hospital, Woodland Manor, the Adult Supported Living units, the Children's Group Home and Women's Resource Center. Various medical equipment is also provided free of any rental fees. The use of these facilities would have cost the Authority an estimated \$2,119,933 (\$2,027,428 in 2019) based on the Government's amortization expense for these assets.

**Note 16. Contractual Obligations**

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 16. Contractual Obligations (continued)

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2020.

Expires in fiscal year	Residential 2021	Equipment 2026	Operational 2021	Total
2021	\$ 160,200	\$ 170,124	\$ 58,825	\$ 389,149
2022	-	89,439	1,310	90,749
2023	-	80,229	-	80,229
2024	-	78,905	-	78,905
2025	-	76,455	-	76,455
Subsequent	-	84,648	-	84,648
	\$ 160,200	\$ 579,800	\$ 60,135	\$ 800,135

## Note 17. Contingent Liabilities

In common with many health authorities, claims are made against the Authority and its staff. The Authority is defending actions brought against them and management does not believe a significant loss will occur. An allowance has been made for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Authority's legal experts and human resources staff experience or case law and historical data in similar circumstances.

With any employer, especially those with a union, there are always risks of employee grievances. At the end of the fiscal year a number of grievances were awaiting arbitration. In the opinion of management and legal council, no material accrued liability needs to be established. Should any further loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

The Authority's operations are affected by federal, territorial and local laws and regulations regarding Environmental protection. The Authority is committed to meeting these existing laws and regulations. Management is not aware of any material environmental liabilities that resulted during the year.

Under the terms of the contribution agreement between the Government of the Northwest Territories, the Authority may be liable to repay any restricted or contributed fund not expended in accordance with contribution agreements. The Authority has recorded all known unexpended contribution funds repayable.

## Note 18. Budget

The budget figures are the opening budgets as approved by the Authority's Public Administrator and the GNWT Department of Health and Social Services. The budget figures are not audited and are intended for information purposes only.

## Note 19. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change, management is of the opinion that the Authority operations would be significantly affected.

## Note 20. Subsequent Events

The significant decrease in market values due to the drop in the economy at the declaration of the world pandemic declared in March 2020 have since recovered. This has resulted in the significant decrease in the net pension plan asset from the market value at March 31, 2020 as reported in Note 12, being recovered subsequent to year end to be inline with the valuation completed as at January 1, 2020 of \$18,054,000 .

## Note 21. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 22. Related Party Transactions

The Authority is related in terms of common ownership to all GNWT created departments and public agencies. The Authority enters into transactions with these entities in the normal course of operations. The Authority is provided various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, internal audit services provided by the Department of Finance and repairs, utilities and facility and equipment rental provided by the Department of Infrastructure.

Transactions with related parties and balances at year-end are included in the financial statements, but not disclosed separately other than in this note:

	Accounts Receivables 2020	Allowance for Doubtful Accounts 2020	Net 2020	Net 2019
<u>Due from related parties</u>				
Accounts Receivable				
GNWT, Note 7				
Department of HSS	\$ 790,551	\$ -	\$ 790,551	\$ 989,270
Department of Finance	12,690	-	12,690	5,163
Department of Infrastructure	4,189	-	4,189	5,275
Department of Justice	1,549	-	1,549	978
	808,979	-	808,979	1,000,686
NTHSSA - HQ, Note 7	15,429	-	15,429	31,817
NTHSSA - Finance	31,626	-	31,626	-
NTHSSA - Other	8,765	-	8,765	-
Stanton Territorial Health Region	747	-	747	-
Yellowknife/Fort Resolution Region	2,769	-	2,769	1,935
	59,336	-	59,336	33,752
Hay River Hospital Foundation	381	-	381	-
	\$ 868,696	\$ -	\$ 868,696	\$ 1,034,438
			<b>2020</b>	2019
<u>Due to related parties</u>				
Accounts Payable:				
GNWT, Note 9				
Department of HSS			\$ 2,954	\$ 30,783
Department of Finance			-	33,057
Department of Justice			-	-
Department of Infrastructure			567	5,768
			3,521	69,608
NTHSSA - HQ, Note 9				
Yellowknife Region			49,108	16,675
DehCho Region			-	519
Fort Smith Region			-	-
Stanton Territorial Health Region			2,847	75,117
			51,955	92,311
Hay River Hospital Foundation			681	623
			\$ 56,157	\$ 162,542
Deferred revenues, GNWT-HSSA, Note 26			56,633	56,633
Contributions repayable, GNWT-HSSA, Note 27			2,581,623	2,603,207
Accountable capital advances, GNWT-HSSA, Note 28			5,829	5,829
			\$ 112,790	\$ 2,828,211

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 22. Related Party Transactions (continued)

	2020	2019
<b>Revenues</b>		
GNWT		
Department of Health & Social Services	\$ 33,054,429	\$ 31,700,188
Department of Finance	12,690	-
Department of Infrastructure	6,595	5,163
Department of Justice	2,173	4,313
Department of Human Resources	559	10,832
	<b>33,076,446</b>	<b>31,720,496</b>
NTHSSA - HQ		
DehCho HSSA	36,850	104,792
Yellowknife HSSA	5,409	19,836
Stanton Territorial Health Authority	4,739	130
Beaufort-Delta HSSA	1,581	-
Fort Smith Health Centre	1,428	-
Sahtu HSSA	1,311	976
Hay River Hospital Foundation	-	107,807
NWT Housing Corp.	362	-
	-	160
	<b>\$ 33,128,126</b>	<b>\$ 31,954,197</b>

	2020	2019
<b>Expenses</b>		
GNWT		
Department of Health & Social Services	\$ 5,495	\$ 135
Department of Human Resources	-	-
Department of Infrastructure	-	8,555
Department of Justice	-	-
	<b>5,495</b>	<b>8,690</b>
NTHSSA		
Stanton Territorial Health Authority	157,146	230,677
Yellowknife HSSA	65,024	148,393
Fort Smith HSSA	-	923
	<b>\$ 227,665</b>	<b>\$ 388,683</b>

Related party 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.



# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

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## Note 23. Financial Instruments

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

### Credit Risk

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

The Authority holds its cash and trust assets, deposits in trust accounts, with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Note 7.

The Authority's maximum exposure to credit risk is represented by the financial assets less the pension plan and trust asset for a total of \$1,687,255 (2019 - \$1,731,295).

The world pandemic that was declared in March 2020 has resulted in an increase in unemployment, volatile financial markets and overall economic uncertainty. As a result the Authority is exposed to an increased amount of credit risk from its customers and has account for this increased risk in allowance for doubtful accounts.

### Concentration of Credit Risk

Concentration risk arises when a customer has more than ten percent of the total accounts receivable, which increases the Authority's risk in the event the customer does not fulfill their obligation. The Authority does have concentration risk. At March 31, 2020, one customer in accounts receivable accounts for 74% (2019 - 75%) of the total balance which subjects the Authority to concentration risk. This risk is monitored through regular review of the outstanding balances in receivables.

As all the Authority's cash is held in one Canadian bank, they are subject to further concentration risk.

### Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority 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. Total financial assets are \$118,544,282 including the \$16,783,000 pension asset; financial liabilities are \$7,744,202. The authority has disclosed future financial liabilities and commitments in Notes 13, 16 and 17.

### 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 currency risk, interest rate risk and other price risk. The defined benefit pension plan asset valuation holds significant risk due to market fluctuations which can significantly impact the value. As a result of the world pandemic declared in March 2020, the value of the pension plan has taken a significant decrease and the actuarial has adjusted the valuation accordingly. This associated risk in market value is reduced through ensuring that the pension plan has a widely divested portfolio.

### Currency Risk

The Authority deals exclusively in Canadian funds held in the bank, but does carry some foreign investments within the pension plan and is reduced through ensuring that the pension plan has a widely divested portfolio.

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.

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 24. Expenses by Object

	2020 Budget	2020 Actual	2019 Actual
Compensation			
Salaries and wages	\$ 24,905,646	\$ 26,494,885	\$ 25,205,835
Severance and removal	300,000	227,689	367,396
Pension plan special payments and valuation adjustment	770,004	(981,000)	(1,719,709)
Locums	1,808,004	1,831,776	1,253,932
Medical supplies	1,091,844	1,156,189	1,094,141
Referred out services	598,896	484,831	817,720
Grants and contributions	680,004	680,000	560,000
Travel assistance	362,004	421,162	349,025
Equipment maintenance	411,672	358,442	441,915
Rent	248,724	323,509	268,250
Foster care	425,520	317,974	376,574
Phone and postage	277,128	314,659	290,578
Locum removal	337,500	288,968	148,310
Travel	173,724	214,025	173,346
Professional fees	335,916	213,382	327,184
Training	100,008	163,498	159,647
Office supplies	168,768	164,459	158,813
Purchases service personnel	51,516	99,741	40,157
Minor equipment	59,712	80,496	170,995
Software licensing	100,164	71,234	93,071
Honorariums	61,008	64,311	102,989
Garbage	32,604	33,948	36,602
Memberships	47,004	16,035	33,099
Advertising	31,848	36,645	39,799
Bank charges	7,296	13,203	9,919
Bad debt	-	6,191	(6,608)
	\$ 33,386,514	\$ 33,096,252	\$ 30,792,980

## Note 25. Prepaid Expenses and Deposits

	2020	2019
Service and maintenance packages	\$ 110,376	\$ 125,838
Pension special payments	95,000	57,763
Travel	1,124	14,961
Deposit	2,000	2,000
	\$ 208,500	\$ 200,562

## Note 26. Deferred Revenue

Deferred revenue represents funds that have been received for specific programs but remain unspent at March 31, 2020 as follows:

	2020	2019
Government of the Northwest Territories		
Department of Health and Social Services		
Professional Development Initiative	\$ 56,633	\$ 56,633
2020/2021 Core funding received in advance	-	-
	\$ 56,633	\$ 56,633

# HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2020

## Note 27. Contributions Repayable

Contributions repayable represents funds that have been received for specific programs and are required to be repaid to the contributor as of March 31, 2020:

	2020	2019
Government of the Northwest Territories		
Department of Health and Social Services		
Core Physician Services Funding 11/12	\$ 652,027	\$ 652,027
Core Physician Services Funding 12/13	532,335	532,335
Homecare Enhancement 13/14	297	297
Grad Placement Program K. Miller 13/14	8,064	8,064
Transitional unspent funding 16/17	448,000	448,000
Children Who Witness Violence 17/18 - double payment	6,250	6,250
Foster Care unspent restricted funding 17/18	-	205,705
Transitional unspent funding - HH Williams 17/18	-	49,314
Transitional unspent funding - New Health Center 17/18	-	58,120
Foster care unspent restricted funding 18/19	12,391	12,391
Homecare unspent restricted funding 18/19	4,459	4,459
Transitional unspent funding - New Health Center 18/19	271,137	271,137
Referred Out Services - core funding overpayment 18/19	355,000	355,000
Healthy Families/Collective Kitchen unspent funding 18/19	-	108
Transitional unspent funding - New Health Center 10/20	161,384	-
Foster care unspent restricted funding 19/20	66,087	-
Homecare unspent restricted funding 19/20	42,760	-
Midwifery unspent restricted funding 19/20	21,432	-
	<b>2,581,623</b>	2,603,207
Hay River Metis Government Council		
Living in Balance unspent funding 16/17	697	697
	<b>\$ 2,582,320</b>	<b>\$ 2,603,904</b>

## Note 28. Accountable Capital Advances from GNWT

The Authority has received advances from GNWT under capital contribution agreements for purchases of capital assets. These advances are deferred by the Authority and purchases which fall under the agreements, reduce the balance carried forward.

	2020	2019
Beginning balance	\$ 5,829	\$ 5,829
Capital purchases paid out of advanced funds	-	-
Ending balance	\$ 5,829	\$ 5,829

## Note 29. Accumulated Surplus (Deficit)

	2020	2019
Operating fund accumulated surplus (deficit)	\$ 12,526,341	\$ 11,049,802
Employee leave and termination liability fund	(1,812,302)	(1,723,136)
Cash Reserve	500,000	500,000
	<b>\$ 11,214,039</b>	<b>\$ 9,826,666</b>

**HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY**  
Schedule of Contributions from the GNWT

Schedule A

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Contributions from the GNWT			
<b>Department of Health and Social Services</b>			
Core Contribution Department of Health			
Administrative and Support Services	7,209,000	\$ 8,207,000	\$ 7,813,000
Nursing Inpatient Services	4,233,000	4,541,000	4,108,000
Ambulatory Care	2,644,000	2,683,000	2,626,000
Diagnostic and Therapeutic Services	2,893,000	3,003,000	3,204,000
Community Health Programs	11,553,000	11,963,000	11,508,000
Community Social Programs	2,253,000	2,312,000	1,995,000
Supplementary Health Programs	22,000	22,000	22,000
	30,807,000	32,731,000	31,276,000
Add: Additional funding for Renal Dialysis	-	-	414,000
Add: Allocation of other region's physician surplus	-	-	4,911
Less: Net contributions repayable/deferred	-	(291,663)	(642,987)
	30,807,000	32,439,337	31,051,924
Other Department of Health and Social Services Contributions			
Home and Community Care (Schedule A-1)	265,440	283,978	433,935
Healthy Families	12,984	-	-
Collective Kitchens	27,000	20,397	20,304
Prenatal/Postnatal Parenting	-	-	30,292
Children Who Witness Violence	12,504	-	-
Mental Health First Aid	-	-	3,596
Applied Suicide Intervention Skills Training	-	-	530
	317,928	304,375	488,657
<b>Total Department of Health</b>	31,124,928	32,743,712	31,540,581
<b>GNWT Department of Human Resources</b>	-	-	-
<b>Total Contribution from the GNWT</b>	\$ 31,124,928	\$ 32,743,712	\$ 31,540,581

**HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY**  
 Schedule of Detailed Contribution Funding and Expenditures  
 Home and Community Care  
 PO-4660am1  
 For the year ended March 31, 2020

Schedule A-1

	<b>2020</b>	2019
	<b>Actual</b>	Actual
<b>Funding</b>		
Government of the Northwest Territories		
Department of Health and Social Services	\$ <b>316,476</b>	\$ 514,110
less funds not yet received	-	-
less contributions repayable	<b>(32,498)</b>	(80,175)
	<b>283,978</b>	433,935
<b>Expenditures</b>		
Compensation and benefits	<b>255,373</b>	248,478
Supplies	<b>8,328</b>	13,535
Sundry	<b>1,371</b>	7,978
Equipment expense	<b>3,786</b>	100,776
Training	<b>15,120</b>	63,892
	<b>283,978</b>	434,659
	\$ -	\$ (724)

\*\* Funds in the amount of \$283,373 are receivable on the agreement as of the end of the year

**HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY**

Schedule of Reserves

Schedule B

For the year ended March 31, 2020

	Leave and Termination Benefits Reserve		Cash Reserve		Total Reserves	
	2020	2019	2020	2019	2020	2019
Balance, beginning of the year	\$ (1,723,136)	\$ (1,643,504)	\$ 500,000	\$ 500,000	\$ (1,223,136)	\$ (1,143,504)
Change to opening balances		-			-	-
(Increase) Decrease in employee future benefits and compensated absence	(89,166)	(79,632)	-	-	(89,166)	(79,632)
Transfers between reserves	-	-	-	-	-	-
Balance, end of year	\$ (1,812,302)	\$ (1,723,136)	\$ 500,000	\$ 500,000	\$ (1,312,302)	\$ (1,223,136)



**NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**

**Financial Statements**

**March 31, 2020**

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# Northwest Territories Health and Social Services Authority

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## Management Discussion and Analysis

### Introduction

The Northwest Territories Health and Social Services Authority (NTHSSA) has prepared this Management Discussion and Analysis to provide an overview of the operating activities and enhance the overall financial disclosure; and to provide the context to the financial information contained in the Authority's 2019-2020 Audited Financial Statements. These activities demonstrate the commitment of the NTHSSA management and the Northwest Territories Leadership Council (Leadership Council) in assuming accountability for the delivery of Health and Social Services programs and services in a responsible and transparent manner.

The NTHSSA, established on August 1, 2016, is an agency of the Government of the Northwest Territories (GNWT) and responsible for the operation and delivery of health and social services in the Northwest Territories in the Beaufort Delta, Dehcho, Fort Smith, Sahtu, and Yellowknife regions of the NWT while also being responsible for the operation of the Stanton Territorial Hospital.

2019-2020 marks the third full year of operations of NTHSSA. The NTHSSA continues to identify, monitor, and improve its operations with a focus on meeting the objectives in the NTHSSA Operational Plan.

Working collaboratively with the Hay River Health and Social Services Authority, the Tłı̄ch̄o Community Services Agency, and the GNWT's Department of Health and Social Services, the NTHSSA is part of an integrated NWT health and social services system, working towards a one-system approach to provide quality care to NWT residents.

The NTHSSA is responsible for the delivery of care and services in accordance with the territorial plan set out by the Minister of Health and Social Services; specifically, the NTHSSA is responsible to:

- plan, develop and deliver programs and services;
- ensure operational policies, guidelines and standards of care are within the context of legislation, regulation and Department of Health and Social Services policies;
- provide budget development, funding allocation, monitoring and financial reporting;
- provide quality and risk management;
- ensure recruitment, supervision and retention of professional staff;
- ensure staff training and professional development; and
- report and be accountable in accordance with legislation, regulations and agreements.

## **Structure of the NTHSSA**

The Leadership Council is the board of management for the NTHSSA. The Leadership Council develops a clear direction for the NTHSSA, ensures the NTHSSA is accountable and positioned to achieve sustained results and supports the NTHSSA to achieve its legislative mandate to:

- deliver health services, social services, and health and wellness promotional activities within the NWT;
- manage, control and operate each health and social services facility for which the NTHSSA is responsible; and
- manage the financial, human and other resources necessary to perform the NTHSSA's duties.

The Leadership Council is accountable to the Minister of Health and Social Services and provides advice to the Minister on strategic directions for particular health and social services and programs related to those services.

The Leadership Council is made up of nine (9) members: a Chairperson as appointed by the Minister; the chairperson of each Regional Wellness Council (5); the chairperson of the Tłı̄ch̄q Community Services Agency; the chairperson of the Hay River Health and Social Services Authority and the Deputy Minister of the Department of Health and Social Services (ex-officio and non-voting).

Each of the regions across the NTHSSA have Regional Wellness Councils (RWC) that act as advisory bodies to gather information from communities and residents, to provide feedback to the NWT Health and Social Services System and to promote activities that support service delivery for the health and well-being of patients, clients, and families.

The 2019-2020 Leadership Council included:

Chairperson: Mr. James Antoine

Vice-Chairperson: Ms. Ethel-Jean Gruben (Chair, Beaufort-Delta RWC)

Member: Ms. Patricia Schaefer (Chair, Fort Smith RWC)

Member: Mr. Brian Willows (Chair, Hay River RWC)

Member: Ms. Gina Dolphus (Chair, Sahtu RWC)

Member: Mr. Ted Blondin (Chair, TCSA)

Member: Ms. Ruby Simba (Chair, Dehcho RWC)

Member: Ms. Nancy Trotter (Chair, Yellowknife RWC)

Ex-officio and non-voting Member: Mr. Bruce Cooper (Deputy Minister, DHSS)

Through the NTHSSA's CEO, operational and financial reporting is provided to the Leadership Council at regularly scheduled Leadership Council meetings.

The NTHSSA is structured with six executive branches that are responsible for delivering health and social services and programs across the NWT. Regional operational branches in the Beaufort Delta, Dehcho, Sahtu, Fort Smith and Yellowknife regions of the NWT are supported by Territorial operational branches guided by the CEO's office.

The six executive branches include:

Office of the Chief Executive Officer: Corporate leadership; practitioner leadership; corporate workforce planning; system collaboration; governance support.

Finance: Financial leadership; budgeting; financial reporting and analysis; financial operations.

Clinical Integration: Quality improvement and support for child, family and community wellness; territorial quality, safety and client experience leadership; quality improvement and support for health services.

Corporate and Support Services: Informatics and health technology support and leadership; strategy and planning leadership; patient movement operations; communications support.

Regional Operations: Primary care; community health clinic operations; home care; mental health and addictions services; health promotion; public health; child and family services; family violence programs; adult support services; rehabilitation services; long term care services; facility operations.

Stanton Territorial Hospital: Acute inpatient services; emergency services, specialty clinics, diagnostic and therapeutic services; rehabilitation services in partnership with regional operations.

## **Financial Overview**

The 2019-2020 initial Authority budget of was approved in the last quarter of the previous fiscal year. Throughout the fiscal year, as program changes, new initiatives, and projects are identified; corresponding adjustments are made to the initial fiscal year's budget. In total NTHSSA received funding from GNWT contributions of \$375.3M, with an additional \$17.11M realized from Other sources of revenue.

### **2019-2020 GNWT Funding Contribution Highlights**

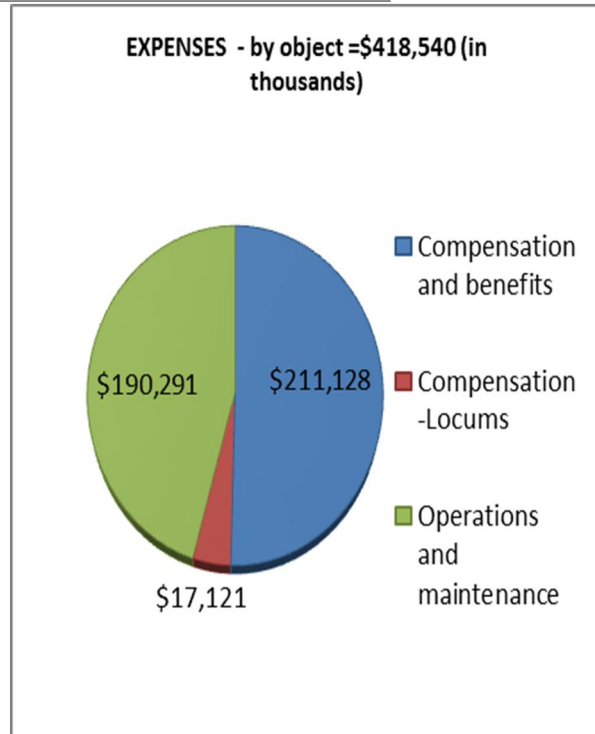
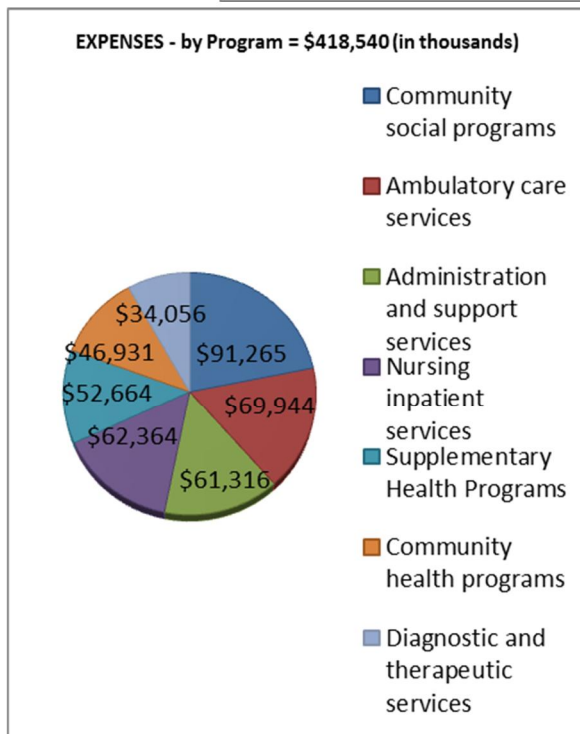
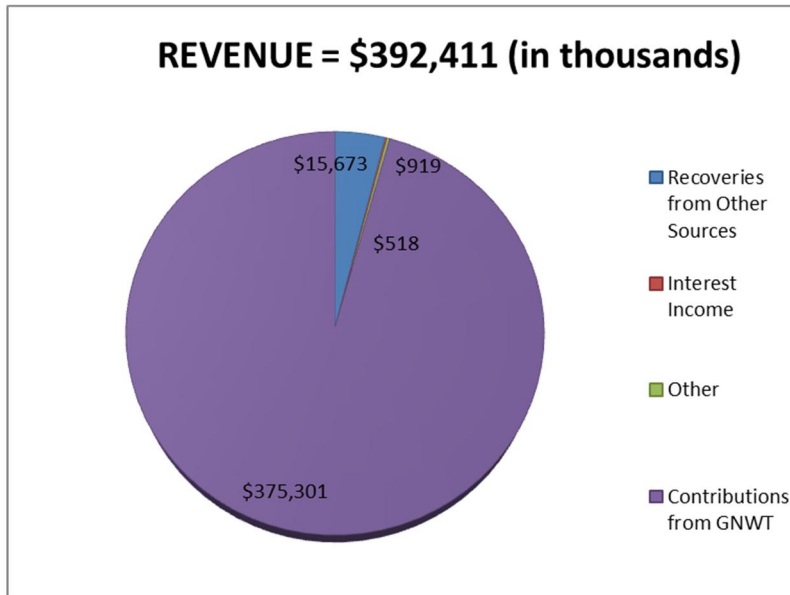
- Increase in funding for support service delivery in the Stanton Territorial Hospital.
- Increase in funding for Child and Family services.
- Increase in funding for Child and Youth services.
- Increase in funding for Day Shelter and Sobering Centre
- Increase in funding for 2019-20 Collective Agreement increases
- Increase in funding for Physician contracts

### **2019-2020 Operating Results**

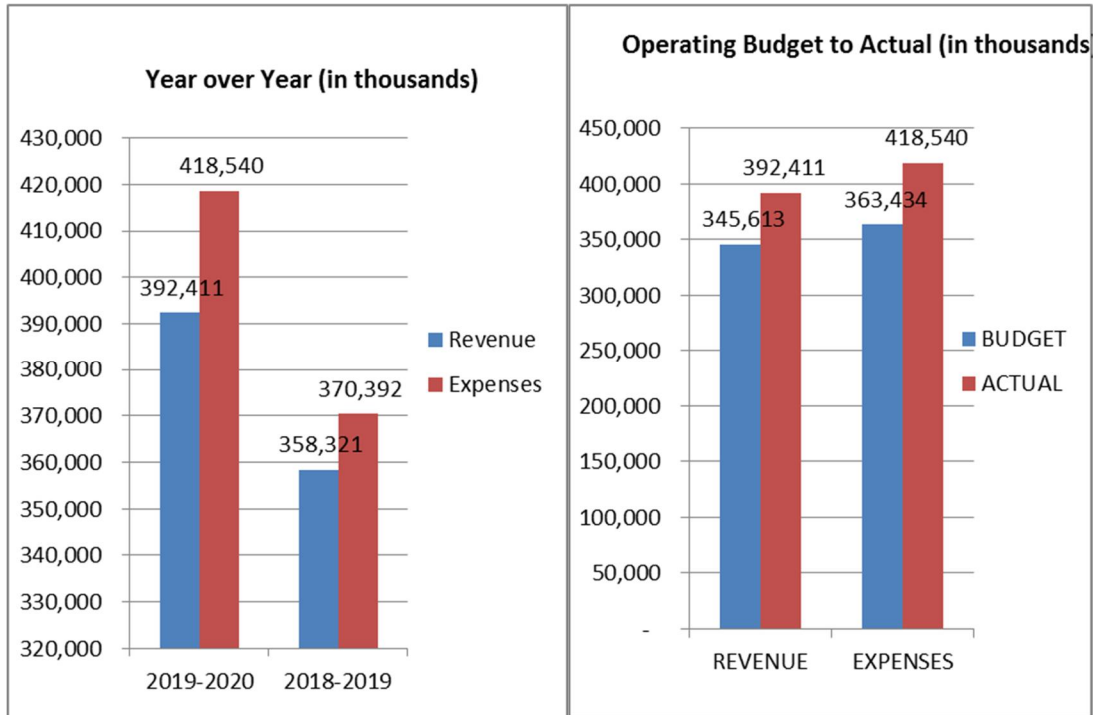
For the 2019-2020 fiscal year, revenue was approximately \$46.798M higher than budget. The Actual expenses were approximately \$50.2M higher than budgeted.

NTHSSA remains committed to meeting its' operational mandate and expected service levels; notwithstanding, significant pressure in 2019-2020 on fiscal resources that exist within the NTHSSA has resulted in a deficit of \$26.129M.

NTHSSA's overall 2019-2020 actual revenue and expenses are summarized in the following charts:



In comparing 2018-2019 to 2019-2020



### **Operating Environment**

The NTHSSA provides health and social services across a vast geographical area of the NWT; from the remote high Arctic communities of Paulatuk, Ulukhaktok and Sachs Harbour to the southern NWT/Alberta border community of Fort Smith.

Delivering the NTHSSA mandate to such a large geographic area requires well-defined systems and processes, culturally safe practices, as well as, a team of committed staff who are dedicated to ensuring quality health and social services are provided to all NWT residents.

The NTHSSA Strategic Direction as noted in the 2019-2020 Operational Plan fall under three themes:

- Bette Future – Build a sustainable health and social services system through enabling the sustainability of our organization by developing our people, improving our technology and building collaborative partnerships.
- Best Care – Care and services are responsive to children, individuals, families and communities through optimizing our processes and build a foundation of quality and continuous improvement that is culturally safe, appropriate and accessible.

- Best Health - Support the health and wellness of the population through realizing improved quality of programs and services.

Identified key actions are detailed within the 2019-2020 Operational Plan to promote operational sustainability:

- Align NTHSSA financial functions across regions to streamline operations
- Transition to a single financial system
- Implement standard onboarding and orientation for new employees

In the review of the operating results for the NTHSSA, the following strengths, weaknesses, opportunities and threats that may have financial impacts have been noted:

<b>Strengths</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>• The same financial system as GNWT</li> <li>• NTHSSA wide Chart of Accounts (improvements ongoing)</li> <li>• NTHSSA wide Financial system (SAM)</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment challenges leading to the extensive use of overtime and locums</li> <li>• Need to re-evaluate Charts of Accounts Expenditure structure and mapping</li> </ul>
<b>Opportunities</b>	<b>Threats/Risks</b>
<ul style="list-style-type: none"> <li>• Increased use of Virtual Care</li> <li>• Territorial Financial Structure</li> <li>• Workforce Development</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing deficit</li> <li>• Aging population</li> <li>• Vast geographical area of NWT</li> <li>• Impact of COVID-19 Pandemic</li> </ul>

#### Building on Strengths

In 2019-2020 NTHSSA transitioned to the GNWT wide System for Accountability and Management (SAM) a single financial systems which aligns NTHSSA with the GNWT. Implementing NTHSSA wide chart of accounts in addition to the implementation of SAM will allow for better reporting and decision making. NTHSSA is committed to learning and continuous improvement of Chart of Accounts.

#### Addressing Challenges

The NTHSSA will leverage the GNWT programs that support the NTHSSA's commitment to improving the ability to recruit, retain and develop a local workforce across the NWT.

NTHSSA leadership remains cognizant of the staffing levels that are currently required to meet service level demands and the resultant fiscal pressures. NTHSSA leadership is reviewing core service requirements, current position allocations and quality improvements with the goal of implementing

changes that would maintain or improve the level of care and service delivery while effectively managing and minimizing additional overtime and travel requirements.

### Capturing Opportunities

In conjunction with the SAM implementation, some processes and staff have transitioned to the Department of Finance at financial and employee shared services (FESS). During the SAM implementation Finance realigned its organizational structure to allow for improved support to NTHSSA executive and the regions. Restructuring of Finance will also provide for opportunities to standardize functions across the regions, but may result in an increased investment in the first year.

### Mitigating Risks

NTHSSA is committed to delivering the operational mandate in a manner respectful of the fiscal environment of the GNWT. The newly established NTHSSA continues to provide opportunities to realign services and care across the five regions and the Territorial Hospital that will improve health outcomes for patients, clients and families; improve patient and client experience and improve organizational performance by reducing overall costs.

The NTHSSA also recognizes that the health and social care professionals are in high demand across Canada and will continue to work with both internal and external resources to expand health and human resource plans to improve efforts to attract and retain qualified employees. This was a particular challenge in the 2019-2020 fiscal year, where casual staff use sharply increased in our Acute Care services.

The COVID-19 pandemic has had a significant impact to our lives. NTHSSA started preparing for the pandemic in the final quarter of the 2019-2020 fiscal year. NTHSSA has worked with the office of the Chief Public Health Officer to ensure the safety of patients and staff during the pandemic. Financially, NTHSSA incurred costs directly related to the Pandemic in 2019-2020. Federal funding will follow to mitigate costs.

### Financial Condition

As at March 31, 2020 NTHSSA incurred an operating deficit of \$26.129M, which was \$8.3M higher than the budgeted operating deficit of \$17.8M. This increased NTHSSA's accumulated deficit to \$126.991M. For a detailed review of NTHSSA's financial condition, refer to the Statement of Financial Position and Statement of Operations and Accumulated Deficit.



	In Thousands	
	2019-2020 Actual	2018-2019 Actual
<b>Accumulated (deficit) closing</b>	(126,991)	(100,862)
<b>Accumulated (deficit) opening</b>	(100,862)	(88,791)
<b>Annual (deficit)</b>	(26,129)	(12,071)
<b>Recovery of prior years' expenses</b>	1,185	2,581
<b>Employee future benefits reserve</b>	69	131
<b>Unfunded items - Employee future benefit liability</b>	8,646	10,116
<b>Change in Employee future benefit</b>	(1,470)	(1,409)

Compensation and benefits represent 50% of NTHSSA's overall expenses and is a contributing factor to NTHSSA accumulated deficit. Some of the key factors in this area relate to staffing models, overtime, sick time, relocation, and removal costs within the Collective Agreement between the Union of Northern Workers and the GNWT. For the Employee Future Benefit liability, the NTHSSA recognizes the expenses on an accrual basis; however, funding is associated to current annual expenses and not to accruals for an estimated future liability.

During the year, the Authority received without charge from the Government, services including utilities, repairs and maintenance, payroll processing, medical travel costs, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. The services are part of the central agency role of the Government and no estimate can be reasonably determined. The Government provides without charge the use of buildings, equipment, leasehold improvements, certain operating costs for Stanton Hospital under P3 agreement, mainframe and software systems, medical equipment, and vehicles for use in program and service delivery. These would have cost the Authority an estimated \$24.979M (2019 - \$9.896M) based on the calculated depreciation expense and P3 service payments by the Government and have been recognized as rent expense and contracted out services related to P3, with a corresponding grant-in-kind in the financial statements.



### **Summary and Outlook**

The 2019-2020 fiscal year represented the third full year of operations for the NTHSSA. NTHSSA continues to focus on its strategic direction of Better Future, Best Care and Best Health. This fiscal year has been challenging and has impacted the financial position of NTHSSA: Accreditation, COVID-19, increased reliance on the use of Locums, and the opening of the new Stanton Territorial Hospital.

NTHSSA primary focus for the 2020-2021 fiscal year is to balance the public health measure to prevent viral spread with the continuation of provision of necessary healthcare and social services. In addition, NTHSSA will focus on defining and realizing deficit reductions strategies through partnership with the GNWT's Department of Health and Social Services and the Department of Finance.



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**SUE CULLEN**  
Chief Executive Officer

**25 August 2020**



## Northwest Territories Health and Social Services Authority

### Management's Responsibility for Financial Reporting

Management is responsible for preparing the accompanying financial statements 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 financial statements. Management is responsible for making certain estimates and judgements required for the preparation of the financial statements. Management is responsible for ensuring that financial information presented elsewhere in the annual report is consistent with the financial statements.

Management is responsible for maintaining 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 the Authority's objectives, are protected from loss or unauthorized use and that the Authority complies with applicable legislation. Management recognizes its responsibility for conducting the Authority'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. Management 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 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 financial statements have been approved by the Northwest Territories Health and Social Services Leadership Council (Leadership Council).



Sue Cullen  
Chief Executive Officer

August 25, 2020



Gloria Badari, CPA, CGA  
Chief Financial Officer



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 Health and Social Services Authority

### *Opinion*

We have audited the financial statements of the Northwest Territories Health and Social Services Authority (the Authority), which comprise the statement of financial position as at 31 March 2020, and the statement of operations and accumulated deficit, statement of changes in net debt 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 Authority as at 31 March 2020, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *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 Authority 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the 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  
25 August 2020

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# Northwest Territories Health and Social Services Authority

## Statement of Financial Position

(All figures in thousands of dollars)

As at March 31,	2020	2019
<b>Financial Assets</b>		
Cash	\$ 25,122	\$ 13,953
Accounts receivable (note 4)	8,524	7,389
Due from Government of the Northwest Territories (note 5)	39,596	21,399
Due from Government of Canada	206	641
	<b>73,448</b>	43,382
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	28,635	21,180
Due to Government of the Northwest Territories (note 5)	166,978	117,181
Due to Government of Canada	49	28
Employee future benefits (note 7)	8,646	10,116
	<b>204,308</b>	148,505
<b>Net Debt</b>	<b>(130,860)</b>	(105,123)
<b>Non-Financial Assets</b>		
Inventory held for use	3,204	3,221
Prepaid expenses	665	1,040
	<b>3,869</b>	4,261
<b>Accumulated Deficit (note 8)</b>	<b>\$ (126,991)</b>	<b>\$ (100,862)</b>

**Contractual Obligations and Contingencies** (notes 9 and 10)

Approved on behalf of the Authority:

  
\_\_\_\_\_  
Jim Antoine  
Leadership Council  
Board Chairperson

  
\_\_\_\_\_  
Ruby Simba  
Leadership Council  
Member

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

# Northwest Territories Health and Social Services Authority

## Statement of Operations and Accumulated Deficit

(All figures in thousands of dollars)

For the year ended March 31,	2020		2019
	Budget	Actual	Actual
<b>Revenues</b>			
Recoveries from other sources	\$ 12,379	\$ 12,663	\$ 10,028
Recoveries from Nunavut	3,000	2,167	2,417
Contributions from other sources	-	919	877
Interest income	400	518	571
Other income	508	843	387
<b>Total Revenue</b>	<b>16,287</b>	<b>17,110</b>	14,280
<b>Expenses (note 15)</b>			
Community social programs	83,355	91,265	81,396
Ambulatory care services	65,028	69,944	65,782
Administration and support services	52,665	61,316	57,376
Nursing inpatient services	41,372	62,364	39,916
Supplementary health programs	49,603	52,664	51,209
Community health programs	41,711	46,931	44,533
Diagnostic and therapeutic services	29,700	34,056	30,180
<b>Total Expenses</b>	<b>363,434</b>	<b>418,540</b>	370,392
<b>Deficit for the year before Government contributions</b>	<b>(347,147)</b>	<b>(401,430)</b>	(356,112)
<b>Government contributions</b>			
Contributions from Government of the Northwest Territories - core	289,723	298,257	284,000
Contributions from Government of the Northwest Territories - other	5,021	6,585	7,546
Recoveries from Government of the Northwest Territories	22,506	27,739	26,749
Recoveries - non insured health services	14,737	16,556	13,269
Recoveries of prior year expenses	(2,661)	1,185	2,581
Grant-in-kind - Government assets and services provided at no charge (note 12)	-	24,979	9,896
<b>Total Government contributions</b>	<b>329,326</b>	<b>375,301</b>	344,041
<b>Annual deficit</b>	<b>(17,821)</b>	<b>(26,129)</b>	(12,071)
<b>Accumulated deficit, beginning of year</b>	<b>(100,862)</b>	<b>(100,862)</b>	(88,791)
<b>Accumulated deficit, end of year</b>	<b>\$ (118,683)</b>	<b>\$ (126,991)</b>	\$ (100,862)

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

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## Northwest Territories Health and Social Services Authority

### Statement of Changes in Net Debt

(All figures in thousands of dollars)

For the year ended March 31,	2020		2019
	Budget	Actual	Actual
<b>Annual deficit for the year</b>	\$ (17,821)	\$ (26,129)	\$ (12,071)
<b>Adjustments</b>			
Acquisition of inventories held for use	-	(6,370)	(6,461)
Consumption of inventories held for use	-	6,387	5,975
Acquisition of prepaid expenses	-	(3,249)	(1,156)
Use of prepaid expenses	-	3,624	1,266
<b>Change in net debt for the year</b>	(17,821)	(25,737)	(12,447)
<b>Net debt, beginning of year</b>	(105,123)	(105,123)	(92,676)
<b>Net debt, end of year</b>	\$ (122,944)	\$ (130,860)	\$ (105,123)

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



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## Northwest Territories Health and Social Services Authority

### Statement of Cash Flow

(All figures in thousands of dollars)

For the year ended March 31,	2020	2019
<b>Cash provided by Operating transactions</b>		
Annual deficit	\$ (26,129)	\$ (12,071)
Changes on non-cash assets and liabilities		
Change in Accounts receivable	(1,135)	(1,091)
Change in accounts payable and accrued liabilities	7,456	3,533
Net change in due to/(from) Government of the Northwest Territories	31,600	16,325
Change in employee future benefits and compensated absences	(1,470)	(1,409)
Net change in due to/(from) Government of Canada	456	(206)
Change in Inventory held for use	17	(486)
Change in Prepaid expenses	374	110
<b>Cash provided by operating transactions</b>	<b>11,169</b>	4,705
<b>Increase in cash</b>	<b>11,169</b>	4,705
<b>Cash, beginning of year</b>	<b>13,953</b>	9,248
<b>Cash, end of year</b>	<b>\$ 25,122</b>	\$ 13,953

There were no financing, investing, or capital transactions during the year.

Total interest received during the year \$518 (2019 - \$571).

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 1. Authority & Operations

The Authority operates pursuant to the *Hospital Insurance and Health and Social Services Administration Act* (the Act) of the Northwest Territories and is an agency under Schedule A of the Financial Administration Act (FAA) of the Northwest Territories. Accordingly, the Authority operates in accordance with its Act and regulations, and any directives issued to it by the Minister responsible for the Authority.

The Authority was established to manage, control and operate the public health facilities and services assigned to it by the Government of the Northwest Territories ("Government"). When the Authority was created, six of the eight Health and Social Services Authorities (HSSAs) were amalgamated under the Authority. The reporting entity comprises the newly created Authority and the operations from six former HSSAs including Beaufort-Delta, Dehcho, Fort Smith, Sahtu, Yellowknife and Stanton Territorial Hospital.

Hay River Health and Social Services Authority (HRHSSA) and Tlicho Community Services Agency (TCSA) remain outside the Authority; however, the legislation does include provisions to bring the HRHSSA into the Authority at a later date. The Authority serves as a single integrated delivery system for Northwest Territories health and social service programs while recognizing that the TCSA retains a unique role through the provisions of the Tlicho Agreement. Through the Chief Executive Officer, the Authority reports to and takes direction from the Chair of Northwest Territories Health and Social Services Leadership Council (Leadership Council) that is comprised of nine persons appointed in accordance with the Act, including one non-voting member. The Authority is exempt from taxation pursuant to Paragraph 149 of the federal *Income Tax Act*.

### Budget

The budgeted figures represent the Authority's original fiscal plan for the year approved by the Leadership Council and the Government. To be consistent with the format of the financial statements, presentation changes have been applied as disclosed in note 17.

### Going concern and economic dependence

Upon amalgamation in 2016, the predecessor HSSAs had an accumulated deficit of \$50,824 which was transferred to the Authority and included in its opening financial position. For the year ended March 31, 2020 the Authority had an annual deficit of \$26,129, accumulated deficit of \$126,991, liabilities of \$204,308 (including \$166,978 due to the Government of the Northwest Territories), and total financial assets of only \$73,448.

The Authority was created as part a system-wide transformation of the health and social services system in the NWT, including addressing financial pressures. The Authority remains economically dependent upon the annual appropriations received from the Government, the Government's authorization for incurring annual deficits, the Government's continued support for payments of payroll costs on behalf of the Authority combined with the Government's continued financing of the payroll liability. The Authority anticipates that the Government will continue to provide the current financial support, while working collaboratively with the Authority to identify ways to address the financial pressures.

Since the Authority's inception, the Government has increased its funding to the Authority each year. The Authority's operations have also expanded with the opening of a health centre, long-term care facility and hospital. The going concern basis of accounting has been deemed appropriate for the current financial statements.

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 2. Basis of presentation and significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Canadian Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the Authority are as follows:

#### (a) Measurement uncertainty

The preparation of these financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from these estimates.

#### (b) Cash

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

#### (c) Tangible capital assets

The Government retains ownership of all tangible capital assets (TCA) used by the Authority. The Government's financial statements include these TCAs and as such the Authority has no TCAs recognized in its financial statements.

The Authority has recognized grant-in-kind revenue for the use of these TCAs provided free of charge by the Government. In addition, the Authority has recognized a corresponding rent expense for these TCAs based on the Government's amortization which is the Government's cost. This rent expense has been allocated to the Authority's programs in the statement of operations and accumulated deficit.

#### (d) Inventories held for use

Inventories consist of pharmaceuticals and general inventories including medical and surgical supplies. Inventories held for use are valued at the lower of cost and replacement value.

**March 31, 2020**

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**2. Basis of presentation and significant accounting policies (continued)****(e) Other employee future benefits 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 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 lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except parental and maternity leave) has been prepared using data provided by management and assumptions based on management's best estimates.

**(f) Pensions**

The Authority and its eligible employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Authority and are recognized in the financial statements as expenses when they are incurred. The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by the Canadian Medical Association. These contributions represent the total pension liability of the Authority and are recognized in the financial statements as expenses when they are incurred.

**(g) Revenue recognition****Government transfers**

Government transfers are recognized as revenues when the transfer is authorized, reasonable estimates of the amounts can be determined and any eligibility criteria and stipulations have been met, except for 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.

**Recoveries**

Government recoveries include amounts recovered for expenses paid by the Authority primarily relating to hospital services and non-insured health benefits, are recognized as revenue when the amounts are known. Other recoveries are recognized when the amount is known and includes reimbursements from Workers' Safety and Compensation Commission and their equivalent entities throughout Canada, and recovery of medical fees for items such as client medical travel costs.

**Other revenue**

Other revenue is recognized when the service is performed or the goods are provided. The Authority may provide uninsured medical services for which revenue is recognized and food sales as a by-product of hospital cafeterias.

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 2. Basis of presentation and significant accounting policies (continued)

#### (h) Financial instruments

The Authority classifies its financial instruments at cost or amortized cost.

This category includes cash, accounts receivable, due (to) from Government of the Northwest Territories, due (to) from Government of Canada, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transactions 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.

#### (i) Non-financial assets

Non-financial assets are accounted for as assets by the Authority because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold.

#### (j) Contractual obligations and contingencies

The nature of the Authority's activities requires entry into operational contracts that can be significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations are commitments for operating, commercial and residential leases. Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingencies of the Authority 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 cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming event is not determinable, the contingency is disclosed.

#### (k) Expenses

Expenses are reported on an accrual basis. The cost of all goods and services received during the year are expensed, except for certain services provided without charge which are described in Note 12.

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 2. Basis of presentation and significant accounting policies (continued)

#### (l) Related parties

Related party transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The Authority is related in terms of common ownership to all Government created departments, public agencies and key management personnel and close family members. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Authority. Related party transactions are recorded at the exchange amount, except for services provided by the Government without charge. Services provided without charge include rent, certain operating costs of the Stanton Territorial Hospital Renewal project, building utilities, payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management and translation services. These services are provided by the Government's central agency and with the exception of rent described in Note 2 (c) as well as certain operating costs of the Stanton Territorial Hospital Renewal project, these services cannot be reasonably estimated. The Authority does not recognize any amounts for these services in the financial statements.

#### (m) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the statement of operations and accumulated deficit. Pursuant to the FAA, these recoveries cannot be used to increase the amount appropriated for current year expenses.

### 3. Designated assets

The Authority records financial information in individual funds that are internally segregated for the purpose of carrying on specific activities or attaining certain objectives. These funds are included in cash on the Statement of Financial Position totaling \$277 (2019 - \$408). Funds established by the Authority include a special project reserve \$208 (2019 - \$277) which are donations made to the Authority under non-contractual conditions and a funded employee future benefits reserve \$69 (2019 - \$131) for funds received for the severance liability of employees who were transferred to the Authority from the Government.

# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

March 31, 2020

### 4. Accounts receivable

The Authority administers the Government's medical travel program for both residents and non-residents of the territory. Non-residents of the territory accessing the medical travel program are invoiced directly and any outstanding invoices from non-residents are included in receivables at March 31. Interest is not charged on outstanding amounts receivable. All other payments from account receivable customers of the Authority are expected within 30 days.

	Accounts Receivable	Allow. For Doubtful Accounts	2020	2019
Trade Receivables	\$ 13,384	\$ (6,504)	\$ 6,880	\$ 5,807
Government of Nunavut	433	(3)	430	664
Due from WSCC	447	-	447	679
Due from related parties (note 14)	805	(38)	767	239
<b>Total accounts receivable</b>	<b>\$ 15,069</b>	<b>\$ (6,545)</b>	<b>\$ 8,524</b>	<b>\$ 7,389</b>

### 5. Due from/(to) Government of the Northwest Territories

For contribution agreements, the Authority receives transfer payments from the Government on a monthly basis. For other recoveries, the Authority receives payments within 30 days of submitting an invoice.

Due from Government of the Northwest Territories	Accounts Receivable	Allow. For Doubtful Accounts	2020	2019
Health and Social Services	\$ 38,579	\$ -	\$ 38,579	\$ 18,430
Finance	942	-	942	2,894
Education, Culture and Employment	43	-	43	10
Justice	23	-	23	65
Municipal and Community Affairs	9	-	9	-
<b>Total due from Government of the Northwest Territories</b>	<b>\$ 39,596</b>	<b>\$ -</b>	<b>\$ 39,596</b>	<b>\$ 21,399</b>

Due to Government of the Northwest Territories	2020	2019
Liability for payroll services provided by the Government	\$ 155,501	\$ 108,866
Health and Social Services	8,141	3,610
Finance	3,082	4,181
Infrastructure	254	346
Municipal and Community Affairs	-	178
<b>Total due to Government of the Northwest Territories</b>	<b>\$ 166,978</b>	<b>\$ 117,181</b>

The due to Government of the Northwest Territories is unsecured, without interest and due on demand.

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 6. Accounts payable and accrued liabilities

The Authority follows the Government for payment practices of accounts payable invoices and pays northern vendors within 20 days and all other vendors within 30 days. The Authority administers the Government's Medical travel program for residents of the Northwest Territories and reimbursement of medical related travel expenses are paid to residents accessing the program accordingly. These payables are included in the trade payable.

	2020	2019
Trade payable	\$ 20,750	\$ 13,661
Annual leave and lieu time	7,505	7,092
Due to related parties (note 14)	380	427
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 28,635</b>	<b>\$ 21,180</b>

### 7. Other employee future benefits (other than pensions) and compensated absences

The Authority 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 Authority 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.

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, or 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.



# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

March 31, 2020

### 7. Other employee future benefits and compensated absences (continued) Valuation results

The most recent actuarial valuation was completed as at February 15, 2019. The results were extrapolated to March 31, 2020. The effective date of the next actuarial valuation is March 31, 2022.

	Severance and Removal	Compensated absences	2020	2019
<b>Changes in obligation</b>				
Accrued benefit obligations, beginning of year	\$ 8,681	\$ 1,698	\$ 10,379	\$ 8,587
Current period benefit cost	516	159	675	622
Interest accrued	257	54	311	315
Benefits payments	(1,505)	(1,399)	(2,904)	(2,003)
Actuarial (gain)/loss	(652)	1,118	466	2,858
Accrued benefit obligations, end of year	7,297	1,630	8,927	10,379
Unamortized net actuarial gain/(loss)	1,235	(2,396)	(1,161)	(669)
Net future obligation	8,532	(766)	7,766	9,710
Other compensated absences	-	880	880	406
Total employee future benefits and compensated absences	\$ 8,532	\$ 114	\$ 8,646	\$ 10,116
<b>Benefits expense</b>				
Current period benefit cost	\$ 516	\$ 160	\$ 676	\$ 622
Interest accrued	257	54	311	315
Amortization of actuarial (gain)/loss	(202)	174	(28)	(372)
	\$ 571	\$ 388	\$ 959	\$ 565

The discount rate used to determine the accrued benefit obligation is an average of 2.7% (2019 - 3.2%).

# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

March 31, 2020

### 8. Accumulated deficit

	2020	2019
Accumulated deficit upon amalgamation in 2016	\$ 50,824	\$ 50,824
Addition to the accumulated deficit since amalgamation	<u>76,167</u>	<u>50,038</u>
Accumulated deficit	<u>\$ 126,991</u>	<u>\$ 100,862</u>

### 9. Contractual obligations

The Authority has entered into agreements for equipment, operations and services (Government medical travel program) or is contractually committed to, the following expenses payable subsequent to March 31, 2020:

	Expires in Fiscal Year	2021	2022	2023	2024	2025	2026 and There- after	Total
Equipment leases	2027	\$ 317	\$ 276	\$ 244	\$ 181	\$ 167	\$ 93	\$ 1,278
Operational leases	2022	837	7	-	-	-	-	844
Service contracts	2027	25,301	20,888	17,130	521	480	1,031	65,351
		<u>\$26,455</u>	<u>\$21,171</u>	<u>\$17,374</u>	<u>\$ 702</u>	<u>\$ 647</u>	<u>\$ 1,124</u>	<u>\$ 67,473</u>

### 10. Contingencies

In the normal course of operations, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. At year end, the Authority estimated the total claimed amount for which the outcome is not determinable at \$10 (2019 - \$10). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31, 2020.

### 11. Trust assets under administration

The authority administers \$242 (2019 - \$204) of trust assets, consisting of cash held on behalf of patients, which are not included in the reported Authority's assets and liabilities.

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 12. Government assets and services provided at no charge

During the year, the Authority received without charge from the Government, services including building utilities, repairs and maintenance, payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management and translation services. The Government provides the services either directly or through its agencies or public private partnership arrangements. The services are part of the central agency role of the Government and no estimate can be reasonably determined.

The Government provides without charge the use of buildings, equipment, leasehold improvements, mainframe and software systems, medical equipment and vehicles for use in program and service delivery. These would have cost the Authority an estimated \$18,079 (2019 - \$9,896) based on the calculated depreciation expense by the Government and have been recognized as rent expense with a corresponding grant-in-kind in the Statement of Operations and Accumulated Deficit.

Also, the Government provides without charge certain operating costs of the Stanton Territorial Hospital Renewal project. These would have cost the Authority an estimated \$6,900 (2019 - \$nil) based on the service payments made by the Government under the public private partnership (P3) agreement and have been recognized as contracted services expense with a corresponding grant-in-kind in the Statement of Operations and Accumulated Deficit.

### 13. Pensions

All eligible employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

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 age 60. The employer contribution rate effective at the end of the year is 1.01 times (2019 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2019 – 1.0) the employees' contributions for all other employees.

The Authority and the contracted physician's contribute to the Physician Retirement Income Benefit (PRIB). The Physician's contribution rate is 7.5 percent of the Physician's base salary, minus the Physician's contribution to the Canada Pension Plan. The Authority contribution rate is 15 percent of the Physician's base salary, minus the Employer's contribution to the Canada Pension Plan on behalf on the Physician. The Authority contributed \$10,891 (2019 – \$9,966) to PSPP and \$2,135 (2019 – \$2,290) to the Physician's fund. The employee's contributions were \$10,748 (2019 – \$9,977) and \$1,006 (2019 – \$1,069) respectively.

# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

March 31, 2020

### 14. Related parties

Related party transactions not disclosed elsewhere are as follows:

Due from related parties	Accounts Receivable	Allow. For Doubtful Accounts	Net 2020	Net 2019
Hay River Health and Social Services Authority	\$ 29	\$ -	\$ 29	\$ 115
Tlicho Community Services Agency	745	(12)	733	97
Northwest Territories Housing Corporation	4	-	4	1
Northwest Territories Power Corporation	1	-	1	-
Stanton Territorial Hospital Foundation	-	-	-	23
Fort Good Hope Housing Authority	-	-	-	3
Yellowknife Education District #1	26	(26)	-	-
	<b>\$ 805</b>	<b>\$ (38)</b>	<b>\$ 767</b>	<b>\$ 239</b>

Due to related parties:	2020	2019
Aurora College	\$ 175	\$ 214
Tlicho Community Services Agency	119	39
Northwest Territories Housing Corporation	26	164
Hay River Health and Social Services Authority	42	2
Fuel Services Division	11	-
Northwest Territories Power Corporation	6	4
GNWT - Infrastructure	-	2
Marine Transportation Services (MTS) Revolving Fund	1	-
NWT Business Development and Investment Corporation	-	1
Beaufort Delta Divisional Education Council	-	1
	<b>\$ 380</b>	<b>\$ 427</b>

Revenues from related parties:	2020	2019
Tlicho Community Services Agency	\$ 809	\$ 855
Hay River Health and Social Services Authority	187	389
NWT Power Corporation	105	76
GNWT - Education, Culture and Employment	83	109
Yellowknife Education District #1	26	-
Yellowknife Public Denominational District Education Authority (Yellowknife Catholic School Board)	5	-
GNWT - Municipal and Community Affairs	3	-
Stanton Territorial Hospital Foundation	-	142
	<b>\$ 1,218</b>	<b>\$ 1,571</b>

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 14. Related parties (continued)

<b>Expenses paid to related parties:</b>	<b>2020</b>	<b>2019</b>
Government of the Northwest Territories	\$ 317	\$ 42
Tlicho Community Services Agency	369	651
Hay River Health and Social Services Authority	175	135
Northwest Territories Housing Corporation & local housing authorities	105	166
Northwest Territories Power Corporation	34	72
Fuel Services Division	20	-
Marine Transportation Services (MTS) Revolving Fund	2	-
NWT Business Development and Investment Corporation	2	3
Stanton Territorial Hospital Foundation	1	50
Aurora College	-	269
Yellowknife Public Denominational District Education Authority (Yellowknife Catholic School Board)	-	86
Dehcho Division Education Council	-	5
Beaufort Delta Divisional Education Council	-	2
	<b>\$ 1,025</b>	<b>\$ 1,481</b>

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### 15. Expenses by object

	<b>2020</b>	<b>2019</b>
Compensation	\$ 211,128	\$ 191,669
Contracted out services	84,343	75,924
Medical travel and other travel	29,167	27,529
Contributions	18,881	18,292
Rent (note 12)	18,079	9,896
Supplies	18,068	14,565
Compensation - locums	17,121	15,441
Administration	12,087	9,026
Program expenses	5,419	4,746
Equipment expense	2,599	2,561
Valuation allowances	1,648	743
<b>Total expenses</b>	<b>\$ 418,540</b>	<b>\$ 370,392</b>

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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 16. Financial Instruments

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

#### (a) Credit risk

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

The Authority holds its cash with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash is insured up to \$100.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Note 4.

The Authority's maximum exposure to credit risk is represented by the financial assets for a total of \$73,448 (2019 - \$43,382).

#### Concentration of credit risk

Concentration of credit risk is the risk that customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default. The Authority does not have concentration of credit risk. At March 31, 2020, receivables from the Government comprised 82% of the total outstanding accounts receivables (2019 - 74%). The Authority reduces this risk by monitoring overdue balances.

#### (b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting, deferring repayment to the Government (Note 1) and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Authority's financial assets and financial liabilities as at March 31, 2020 mature within the next six months.

Total financial assets are \$73,448 (2019 - \$43,382) and financial liabilities are \$204,308 (2019 - \$148,505). The Authority has disclosed future financial liabilities and contractual obligations in Note 9. 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.

# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

March 31, 2020

### 17. Budget

The approved budget have been reclassified where applicable to conform to the presentation used in financial statements as follows:

	Budget per Statement of Operations and Accumulated Deficit	Government Approved Budget	Difference
<b>Revenue</b>			
Recoveries from other sources	\$ 12,379	\$ 17,400	\$ (5,021)
Recoveries from Nunavut	3,000	3,000	-
Interest income	400	400	-
Other income	508	508	-
<b>Total Revenue</b>	<b>16,287</b>	<b>21,308</b>	<b>(5,021)</b>
<b>Expenses</b>			
Undistributed	-	559	(559)
Community social programs	83,355	37,639	45,716
Ambulatory care services	65,028	121,966	(56,938)
Administration and support services	52,665	61,812	(9,147)
Supplementary health programs	49,603	41,861	7,742
Nursing inpatient services	41,372	40,726	646
Diagnostic and therapeutic services	29,700	29,675	25
Community health programs	41,711	29,196	12,515
<b>Total Expenses</b>	<b>363,434</b>	<b>363,434</b>	<b>-</b>
<b>Government contributions</b>			
Contributions from Government of the Northwest Territories - core	289,723	289,723	-
Contributions from Government of the Northwest Territories - other	5,021	-	5,021
Recoveries from Government of the Northwest Territories	22,506	22,506	-
Recoveries - non insured health services	14,737	14,737	-
Recoveries of prior year expenses	(2,661)	(2,661)	-
<b>Total Government contributions</b>	<b>329,326</b>	<b>324,305</b>	<b>5,021</b>
<b>Annual deficit</b>	<b>\$ (17,821)</b>	<b>\$ (17,821)</b>	<b>\$ -</b>

# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

March 31, 2020

### 17. Budget (continued)

The Authority's budget is approved at the start of the fiscal year. Adjustments to the budget relating to government funding are approved throughout the fiscal year through Notice of Target Adjustments (NOTA). The changes for the 2019-2020 fiscal year are as follows:

	Original Budget	Increase (Decrease)	Revised Budget	Actual Amount*	Over (Under) Budget
<b>Revenue</b>					
Recoveries from other sources	\$ 12,379	\$ -	\$ 12,379	\$ 12,663	\$ 284
Recoveries from Nunavut	3,000	-	3,000	2,167	(833)
Contributions from other sources	-	-	-	919	919
Interest income	400	-	400	518	118
Other income	508	-	508	843	335
<b>Total Revenue</b>	<b>16,287</b>	<b>-</b>	<b>16,287</b>	<b>17,110</b>	<b>823</b>
<b>Expenses</b>					
Community social programs	83,355	(923)	82,432	90,520	8,088
Ambulatory care services	65,028	551	65,579	69,628	4,049
Administration and support services	52,665	1,407	54,072	61,138	7,066
Nursing inpatient services	41,372	869	42,241	43,862	1,621
Supplementary health programs	49,603	1,620	51,223	52,664	1,441
Community health programs	41,711	2,524	44,235	43,378	(857)
Diagnostic and therapeutic services	29,700	1,220	30,920	32,371	1,451
<b>Total Expenses</b>	<b>363,434</b>	<b>7,268</b>	<b>370,702</b>	<b>393,561</b>	<b>22,859</b>
<b>Government contributions</b>					
Contributions from Government of the Northwest Territories - core	289,723	7,268	296,991	298,257	1,266
Contributions from Government of the Northwest Territories - other	5,021	-	5,021	6,585	1,564
Recoveries from Government of the Northwest Territories	22,506	-	22,506	27,739	5,233
Recoveries - Non-insured health services	14,737	-	14,737	16,556	1,819
Recoveries of prior year expenses	(2,661)	-	(2,661)	1,185	3,846
<b>Total Government contributions</b>	<b>329,326</b>	<b>7,268</b>	<b>336,594</b>	<b>350,322</b>	<b>13,728</b>
<b>Annual deficit</b>	<b>\$ (17,821)</b>	<b>\$ -</b>	<b>\$ (17,821)</b>	<b>\$ (26,129)</b>	<b>\$ (8,308)</b>

\* The actual amounts used in this analysis differs from the Statement of Operations and Accumulated Deficit. The impact of the Grant-in-kind - Government assets and services provided at no charge is not included in this analysis because the Authority does not budget for Grant-in-kind.



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# Northwest Territories Health and Social Services Authority

## Notes to the Financial Statements

(All figures in thousands of dollars)

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March 31, 2020

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### 18. Comparative figures

The financial statements have been reclassified where applicable to conform to the presentation used in the current year. During the year, the Authority completed its transition to one central accounting system during which review and update to the chart of accounts was undertaken; as a result, programs that are similar in nature were consolidated into the same functional areas.

### 19. Impact of COVID-19 pandemic response

On March 22, 2020, the Government of the Northwest Territories declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") pandemic.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of COVID-19 will have on the financial results and condition of the Authority in future periods. There is no material impact to the amounts recognized within the 2020 financial statements as a result of COVID-19.

Pursuant to an April 14, 2020 federal funding announcement, the Government of Canada will provide to the Government of the Northwest Territories funding for emergency response to COVID-19, to a maximum of \$23.4 million for health and social services preparations and response and \$8.7 million for air services. It is expected that some of this funding will subsequently flow to the Authority; however, the timing and amounts cannot be determined at this time.