



Beverage Container Program Annual Report 2008-2009

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Appendix A

Audited Financial Statement of the Environment Fund 2008-2009

Front cover: Baled aluminum containers, collected in the NWT, awaiting shipment south to be recycled.

All photos courtesy of Patrick Hough /ENR, unless otherwise indicated.

OPERATIONS UPDATE



The Northwest Territories (NWT) Beverage Container Program is now in its fourth year of operation. The program continues to enjoy a high level of public support in all regions of the NWT. In 2008-2009 over 26 million containers were returned to local collection depots and 2.8 million dollars were refunded to NWT residents.

The return rate for beverage containers in 2008-2009 was almost 85%. Nearly 83 million containers have now been collected since the program started resulting in a significant reduction to the amount of materials going to landfills in the NWT.

DEPOTS AND PROCESSING CENTRES



Figure 1: Beverage Container Program Depots and Processing Centre

There were 25 depots and 3 processing centres operating in 2008-2009. Communities without a local depot operator are serviced by satellite or temporary depots, provided by the program in cooperation with a regional processing centres or contractor. See Figure 1 for a map of depots located in the NWT and Table 1 for a list of depots.

Depots are operated by individuals, businesses, schools, non-profit groups and community development corporations.

Depots receive financial assistance, in the form of yearly grants, to help offset costs related to operational expenses. Depots are also eligible to apply for interest-free loans to help cover start-up costs, and Depot Development Grants to assist in renovations or other improvements to depot facilities.

The Beverage Container Program provided 12 full time jobs and 32 part time/casual jobs at Depots and Processing Centres in 2008-2009

Table 1: Beverage Container Depots

COMMUNITY	LICENCEE	DATE LICENSED	STATUS (AS OF MARCH 31, 2008)
NORTH SLAVE REGION			
Behchoko	FC Services	Nov-05	Local Operator
Dettah	---	---	Use Yellowknife Depot
Gameti	Mabel Gon	Dec-05	Local Operator
Wekweti	Tli Cho Community Government	Dec-05	Local Operator
Wha Ti	Alex's Confectionery	Feb-06	Local Operator
Yellowknife	The Bottle Shop	Nov-05	Local Operator
SOUTH SLAVE REGION			
Enterprise	Armella Mercredi	Feb-06	Local Operator
Providence	Deh Gah Secondary School	Feb-06	Local Operator
Fort Resolution	Frank Lafferty	Jun-06	Local Operator
Fort Smith	RTL Recycling	Nov-05	Local Operator
Hay River	Tri R Recycling	Nov-05	Local Operator
Kakisa	---	---	Use Enterprise or Hay River Depot
Lutselk'e	Lutselk'e Dene Band	Feb-06	Local Operator
DEH CHO REGION			
Fort Liard	---	---	Temporary Satellite Depot
Fort Simpson	Rowes Recycling	Nov-05	Local Operator
Jean Marie River	---	---	Temporary Satellite Depot
Nahanni Butte	Nahanni Butte General Store	Jun-07	Local Operator
Trout Lake	Sambaa K'e Development Corporation	Nov-05	Local Operator
Wrigley	---	---	Temporary Satellite Depot
SAHTU REGION			
Colville Lake	---	---	Temporary Satellite Depot
Deline	Cathy McKenzio Taylor	Dec-05	Local Operator
Fort Good Hope	Chief T'Selehye School	Dec-05	Local Operator
Norman Wells	B-2 Pet Supplies	Oct-07	Local Operator
Tulita	Tulita Dene Band	Jun-07	Local Operator
INUVIK REGION			
Aklavik	Billy Archie Contracting	Mar-09	Local Operator
Fort McPherson	Telit Gwichin Recycling Depot	Feb-07	Local Operator
Inuvik	Wrangling River Supply	Nov-05	Local Operator
Paulatuk	Brian Kudlak	Jan-06	Local Operator
Sachs Harbour	David Haogak	Jan-06	Local Operator
Tsiigehtchic	M&J Services	Mar-09	Local Operator
Tuktoyaktuk	Tuktoyaktuk Community Corporation	Jan-06	Local Operator
Ulukhaktok	---	---	Temporary Satellite Depot

DISTRIBUTORS

As of March 31, 2009 there were 30 distributors registered with Environment and Natural Resources (ENR). Table 2 shows a list of distributors as of March 31, 2009. Within the last year, one distributor cancelled their registration, and two new distributors were registered. Distributors are required to report sales to ENR on a monthly basis.

Table 2: Beverage Container Distributors

Company	Registration #	Date of Registration
Core-Mark International Inc.	DR100	Oct-05
Wallace & Carey Inc.	DR101	Oct-05
Federated Cooperative Ltd.	DR103	Oct-05
Canada Safeway Ltd.	DR104	Oct-05
Territorial Beverages	DR105	Oct-05
Petersen & Auger	DR106	Oct-05
Wal-Mart Canada Corp.	DR107	Oct-05
Shoppers Drugmart Inc.	DR108	Oct-05
Westfair Foods Ltd.	DR109	Oct-05
NWT Liquor Commission	DR110	Oct-05
Stanton Group Ltd.	DR111	Oct-05
Sobeys Western Region	DR112	Oct-05
North West Company	DR113	Oct-05
Tundra Transfer Ltd.	DR115	Oct-05
Tim Hortons TDL Group Corp.	DR116	Oct-05
Northwest Water Company	DR117	Oct-05
Northern Food Services	DR118	Oct-05
Sysco Food Services	DR119	Oct-05
McKesson Canada	DR120	Nov-05
Bridge Brand Food Services	DR121	Nov-05
Prism Distributions	DR122	Nov-05
Frontier Coachlines NWT Ltd.	DR123	Nov-05
Hudson's Bay Company	DR124	Feb-06
Martin Brower of Canada Co.	DR125	Mar-06
P.Q.S. Enterprises Ltd.	DR126	Feb-06
Montage Corporation	DR127	Jun-06
Canadian Tire Corporation	DR128	Mar-07
National Focus Distribution Logistics Inc	DR129	Mar-07
SunOpta	DR130	Feb-08
J&T Holdings	DR131	Mar-08

BEVERAGE CONTAINERS DISTRIBUTED AND RETURNED

From April 1, 2008 to March 31, 2009 over 31 million beverage containers were distributed in the NWT, an increase of 1.6% from 2007-2008. Beverage container recovery also increased, with over 26 million containers returned to NWT depots, almost a 5% increase over the previous year. Table 3 shows the number of beverage containers distributed and returned in the NWT in 2008-2009. The rate of return for this fiscal year was 85%.

Table 3: Beverage Containers Distributed and Returned 2008-2009

Container Material and/or Type			Containers Distributed	Containers Returned
NON-ALCOHOL BEVERAGES	< 1.0 Litre	Glass	421,338	586,668
		Aluminum	9,770,296	8,202,299
		Plastic	5,444,165	4,510,186
		Tetra Pak/Drink Pouch	2,158,881	986,495
		Gable Top	25,588	22,005
		Bi-Metal	25,716	8,955
	≥ 1.0 Litre	Glass	6,932	80,955
		Aluminum	472	4
		Plastic	886,777	547,179
		Tetra Pak/Drink Pouch	381,481	199,633
		Gable Top	102,507	42,292
		Bi-Metal	12,685	4,734
		Bag-in-a-Box	0	340
ALCOHOL BEVERAGES	< 1.0 Litre	Glass - Refillable Bottle	3,083,040	3,005,196
		Glass - Non Refillable Bottle	1,175,476	1,617,137
		Aluminum	6,464,317	5,242,819
		Other Material	0	1,952
	≥ 1.0 Litre	Glass - Other Than Wine or Spirits	2,792	3,354
		Other Material - Other Than Wine or Spirits	12,756	1,640
	Any Size	Any Material - Wine or Spirits	1,183,765	1,277,811
Total			31,158,984	26,341,654

The rate of return in 2008-2009 was 85%!

Note on rate of return:

The rate of return in 2008-2009 was 85%. However, it has come to ENR's attention that in certain categories (particularly non-alcohol glass and alcohol non-refillable glass), the number of containers returned was actually more than what was distributed. After some investigation, the explanations for the identified discrepancies are detailed below:

- For non-alcohol glass containers (less than one litre and greater than or equal to one litre), approximately 240,000 more of these containers were returned than was distributed. ENR is currently investigating this issue with our processing centres. Our processing centres are currently counting every glass container and also verifying the containers by weight as they come in from the depots.
- For non-refillable alcoholic glass containers, approximately 440,000 more of these containers were returned than was distributed. The NWT Liquor Commission (the only distributor of alcoholic containers in the NWT) indicated that they have incorporated all their plastic non-refillable containers into this category. Although they could not confirm the total number of plastic containers that were included in this glass category, they indicated it would account for approximately 30%. This percentage would account for the additional non-refillable alcoholic glass containers returned. The NWT Liquor Commission will be including a new category in their reporting system to ensure that the plastic containers will be separated from the glass containers in the future.

STATS ON BEVERAGE CONTAINERS RETURNED IN THE NWT

89% of the beverage containers returned in the NWT in 2008-2009 were shipped south for reuse or recycling. The remaining 11 % (non-refillable glass containers) was turned into cullet and was used in the NWT as construction fill or went into landfills. Figure 2 is a chart showing the distribution of containers that are returned in the NWT and Table 4 lists the materials types and their uses.

The number of containers returned in each region correlates to the population distribution. Table 5 and Figure 3 show distribution of containers returned by region.

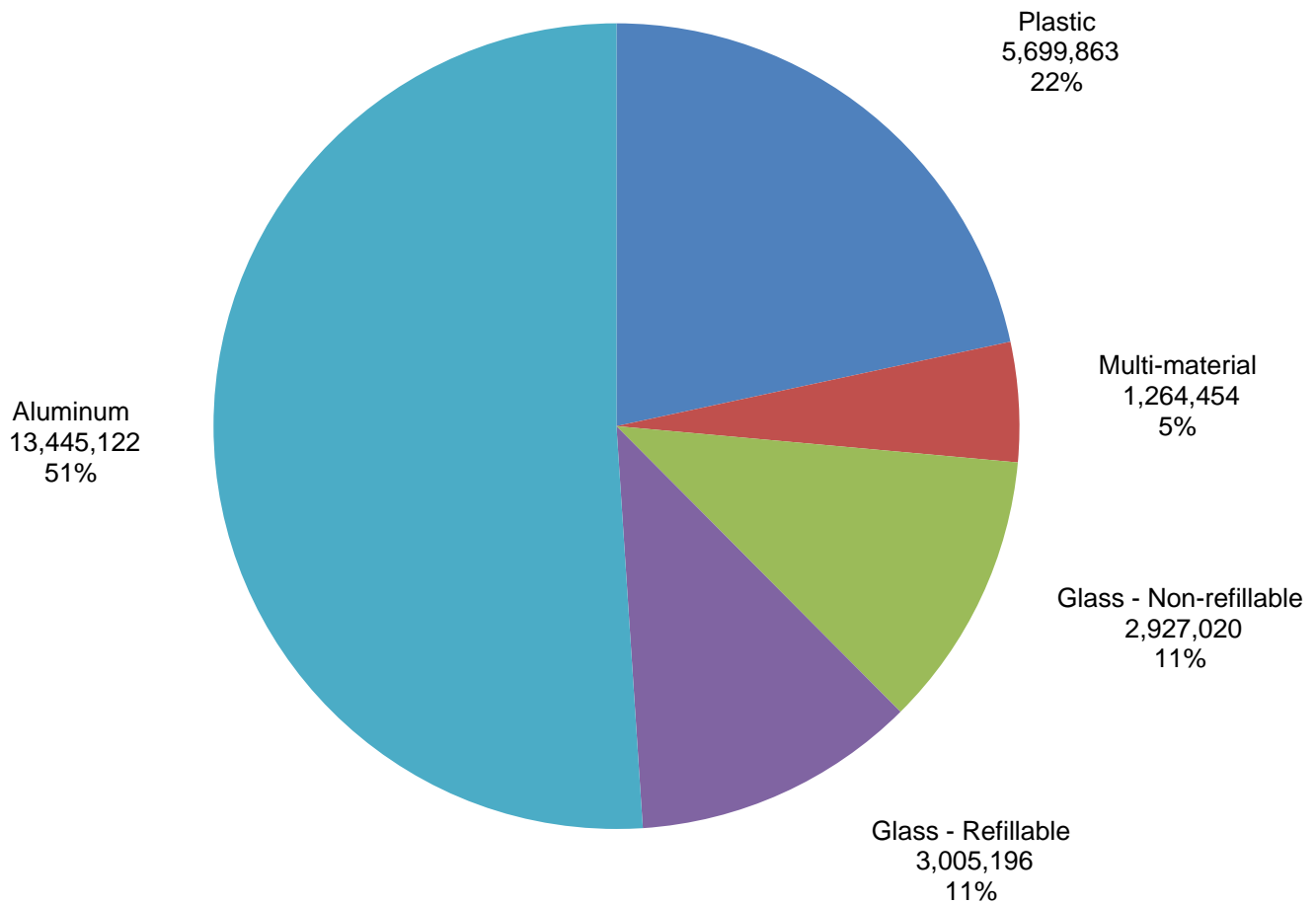


Figure 2: Containers Returned by Material Type 2008-2009

Table 4: Container Material and Recycling Uses

Container Material	Container Type	Recycling Uses
Aluminum	Alcohol and non- alcohol containers	Aluminum is densified and baled, then shipped south where 97% by weight is recycled into new beverage containers.
Refillable Glass	Industry Standard Beer Bottles (ISB)	Bottles are returned to breweries, cleaned and refilled an average of 15 times.
Non-refillable Glass	All glass other than ISB's, includes juice, wine, liquor, coolers etc.	Glass is broken and turned into "cullet", some of which is used as fill in construction sites, the remainder goes to landfills. Non- refillable glass remains in the NWT.
Plastic	Primarily HDPE and PET plastic used to make soft drink, juice, water, milk and liquor containers	Baled and shipped south where 80% by weight is recycled into non-food containers.
Multi-material	Include aseptic containers (juice boxes, drink pouches), polycoats (gable tops, milk and juice), bi-metal containers (tomato juice, evaporated milk, etc.)	<p>Aseptic and polycoat containers are baled and shipped south, then on to Asian recycling markets along with Alberta's multi-material containers. These containers are 80% recycled by weight.</p> <p>Bi-metal containers are baled and shipped south. They are recycled into rebar and car parts, where 95% of it is recycled by weight.</p>

Table 5: Beverage Containers Returned by Region

	North Slave	South Slave	Inuvik	Sahtu	Deh Cho	NWT Total
April 08	1,310,623	515,906	539,184	82,774	88,210	2,536,697
May 08	1,541,818	458,815	572,798	52,897	101,588	2,727,916
June 08	1,194,138	704,116	500,604	172,600	106,695	2,678,153
July 08	1,533,618	681,266	450,911	38,520	191,725	2,896,040
August 08	1,306,029	598,852	330,105	45,147	157,549	2,437,681
September 08	1,081,961	523,964	340,540	97,800	49,401	2,093,666
October 08	1,069,764	516,337	591,523	13,776	105,987	2,297,386
November 08	841,865	275,273	410,746	57,484	7,735	1,593,103
December 08	790,839	272,486	359,266	46,277	25,738	1,494,607
January 09	1,002,012	413,761	441,812	60,432	155,766	2,073,783
February 09	760,088	324,793	335,083	63,911	103,180	1,587,056
March 09	956,552	421,882	437,813	51,414	57,904	1,925,566
Total Containers	13,389,307	5,707,452	5,310,385	783,032	1,151,478	26,341,654
% Containers	51%	22%	20%	3%	4%	100%
% of Population	53%	19%	17%	6%	5%	100%

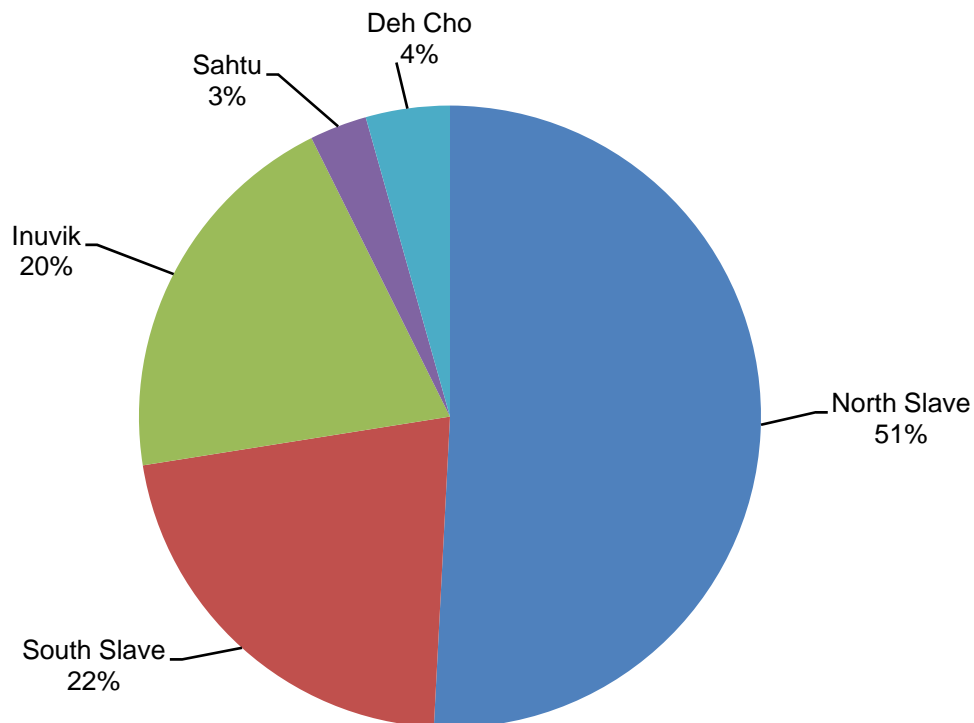


Figure 3: Distribution of Containers Returned by Region

TRANSPORTATION

Transportation and freight costs are a significant expense to the BCP. In 2008-2009 the Northern Transportation Company Limited (NTCL) barged sea-cans full of beverage containers, collected at community depots, to regional processing centres in Hay River and Inuvik at no charge. This is a considerable cost saving for the program and NTCL should be congratulated for their contribution to northern recycling initiatives.

Because of the unique transportation challenges posed by a territorial wide collection system, barge, boats, trucks and aircraft have been used to haul beverage containers from the communities to the regional processing centres; using backhauls wherever possible.



Photo: Alicia Korpach



Photo: Jeff Pitre

WASTE REDUCTION AND RECOVERY ADVISORY COMMITTEE

The purpose of the Committee is to advise ENR on the establishment and operation of programs to ensure improved reduction and recovery of waste in the NWT. Advice may reflect individual expertise in topics or a collective position on an initiative.

One meeting of the Waste Reduction and Recovery Advisory Committee (WRRAC) was held in Yellowknife September 2008. One new member, Mr. Duane Wilson, representing Arctic Co-ops, was appointed by the Minister in March of 2009.

Table 6: Waste Reduction and Recovery Advisory Committee Members

NAME	COMPANY / ORGANIZATION	COMMUNITY
Raymond Massey (Chair)	Community Resident	Inuvik
Joe Agrey	NWT Motor Transport Association	Yellowknife
Ron Courtoreille	Community Resident	Hay River
Kevin O'Reilly	Community Resident	Yellowknife
Greg Rowe	Hay River Liquor Retailers & Tri R Recycling	Hay River
Bruce Underhay	City of Yellowknife	Yellowknife
Bob Weaver	Territorial Beverages	Yellowknife
Kevin Kennedy	NWT Association of Communities	Yellowknife
Duane Wilson	Arctic Co-ops	Winnipeg

ENFORCEMENT

There were no convictions for offences under the Waste Reduction and Recovery Act during 2008-2009. One depot operator licence was revoked.

WASTE REDUCTION AND RECOVERY PROGRAM EXPANSION

The *Beverage Container Regulations* is currently the only regulations under the NWT Waste Reduction and Recovery Act. In January 2008, ENR held a public consultation to find out which products NWT residents would like to start recycling next. Paper and cardboard, milk containers and electronics topped the list.

Work has begun on expanding the Beverage Container Program to include milk containers, a program to develop alternative uses for paper and cardboard has been implemented and a waste reduction coordinator has been hired to guide the expansion of waste recovery programs as a result of the public consultation.

CONTACT INFORMATION

If you would like more information, or have comments about the *Waste Reduction and Recovery Act*, the Beverage Container Regulations or the Beverage Container Program, contact:

Environment Division
Department of Environment and Natural Resources
Government of the Northwest Territories

P.O. Box 1320
Yellowknife NT X1A 2L9
Phone: (867) 873-7654
Fax: (867) 873-0221
Website: icarenwt.ca
Email: nwtrecycle@gov.nt.ca



February 2010

Appendix A

**Audited Financial Statement
of the Environment Fund
2008-2009**

Environment Fund

Financial Statements

March 31, 2009

Environment Fund

Financial Statements

March 31, 2009

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Statement of Changes in Net Assets	6
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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 generally accepted accounting principles. 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.



Gary Bohnet, Deputy Minister, Department of Environment and Natural Resources



Jeffrey Dalley, C.G.A., Director Shared Services, Department of Environment and Natural Resources

Auditors' Report

To the Minister of Environment and Natural Resources

We have audited the statement of financial position of Environment Fund as at March 31, 2009 and the for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Environment Fund relies on reports prepared by distributors, processing centres and depots for the recording of beverage container program revenues, depot handling fees, processing fees and refundable deposits. The reports provided by distributors, processing centres and depots are not audited, and consequently, our review of these accounts was limited to the amounts reported on the filed claims. We are unable to determine if these reports had been subject to audit, if adjustments would be required to revenues, expenditures, accounts receivable or accounts payable.

In our opinion, except for the limitation noted above, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

We further report that, in our opinion, proper books of account have been kept by the Department of Environment and Natural Resources, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been in accordance with the *Waste Reduction and Recovery Act* and Regulations.

**Yellowknife, Canada
July 23, 2009**

Chartered Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	2009	2008
Revenue		
Beverage container program surcharge	\$ 4,992,580	\$ 5,228,797
Expenditures - beverage container program		
Advertising and promotion	1,942	30,171
Contract services - satellite depots	98,612	99,835
Depot handling fee	689,731	642,183
Equipment supplies and maintenance	46,257	31,918
Freight	214,914	233,199
Grants and contributions	74,890	101,220
Insurance	15,000	15,699
Miscellaneous contracts	-	40,400
Office expense	1,462	15,182
Processing fee	573,942	529,574
Professional fees	13,825	27,525
Refundable deposits	2,809,650	2,673,861
Storage	60,511	61,941
Travel and training	29,051	25,543
Wages and benefits	246,625	156,778
	4,876,412	4,685,029
Excess revenue from operations	116,168	543,768
Interest income	45,245	59,818
Excess revenue for the year	\$ 161,413	\$ 603,586

Environment Fund

Statement of Changes in Net Assets

For the year ended March 31,

	Unrestricted	Equipment replacement reserve	Undeemed container reserve	Total 2009	Total 2008
Balance, beginning of year	\$ 610,608	\$ 142,782	\$ 778,182	1,531,572	\$ 927,986
Excess revenue for the year	161,413	-	-	161,413	603,586
Transfers (note 2d(i))	(47,594)	47,594	-	-	-
Current year additions to undeemed container reserve (note 2d(ii))	(754,900)	-	754,900	-	-
Current year removals from undeemed container reserve (note 2d(ii))	778,182	-	(778,182)	-	-
Balance, end of year	\$ 747,709	\$ 190,376	\$ 754,900	1,692,985	1,531,572

Environment Fund

Statement of Financial Position

March 31,	2009	2008
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Assets

Current

Due from treasury (note 5)	\$ 1,519,368	\$ 1,244,061
Accounts receivable	504,577	551,231
Prepaid expenses	-	1,223
Current portion of loan receivable (note 6)	5,083	-

2,029,028	1,796,515
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Loan receivable (note 6)	3,417	-
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\$ 2,032,445	\$ 1,796,515
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Liabilities

Current

Accounts payable and accrued liabilities	\$ 332,092	\$ 264,943
Wages payable	7,368	-

339,460	264,943
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Fund balances

Net assets	1,692,985	1,531,572
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\$ 2,032,445	\$ 1,796,515
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Approved by:

___ Deputy Minister

___ Director

Environment Fund

Notes to the Financial Statements

March 31, 2009

1. Nature of operations

Environment Fund ("the Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Recovery and Reduction Act* of the Northwest Territories. The *Waste Recovery and Reduction Act*, enacted in July 2005, established the Environment Fund for waste reduction and recovery.

The assets of the Environment 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 currently the only established program 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 Environment Fund.

These financial statements are prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Environment Fund

Notes to the Financial Statements

March 31, 2009

2. Implemented accounting changes

Capital disclosure

In December 2006, the CICA issued Handbook section 1535 "capital disclosures" which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and did not have an impact on the Centre's financial results.

General standards for financial statement presentation

The CICA has amended Handbook Section 1400 "General standards of financial presentation" effective for periods beginning on or after January 1, 2008 to include requirements to assess and disclose the Fund's ability to continue as a going concern. The adoption of this new section is not expected to have an impact on the Fund's financial statements.

3. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Revenue and expense recognition

Revenue is recognized when distributors invoice the retailers for the beverage containers that will be circulated in the Northwest Territories.

Refundable deposits, handling and processing fees are recognized when consumers return those beverage containers to a depot for refund.

(b) Capital assets

Capital equipment, consisting of mobile equipment and machinery, exceeding \$50,000 are recorded at cost and amortized on a straight-line basis over the estimated useful life of the equipment. The estimated useful life of mobile equipment and machinery was 10 years. Capital equipment items less than \$50,000 are recorded as expenditures when purchased. The Fund does not currently have any capital assets.

(c) Reserve funds

Restrictions have been placed on surplus to reserve funds for future operations:

(i) Equipment replacement reserve - an amount equal to 1/10 of the cost of capital equipment, including capital equipment purchased with start-up funds, has been reserved annually for future replacements of capital equipment.

(ii) Undeemed container reserve - an amount equal to 15% of the beverage container surcharges of the current year has been reserved to cover the future redemption of containers in circulation.

Environment Fund

Notes to the Financial Statements

March 31, 2009

3. Significant accounting policies (continued)

(d) Contributed services

The Department of Environment and Natural Resources maintains the accounts of the Environment Fund. The costs associated with administering and maintaining the accounts are not reflected in these financial statements (\$32,285 in 2009, \$30,181 in 2008).

(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.

(f) Use of estimates

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 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.

(g) Pension contributions

The Department of Environment and Natural Resources and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Department and are recognized in the accounts on a current basis.

Environment Fund

Notes to the Financial Statements

March 31, 2009

4. Future changes to significant accounting policies

Effective April 1, 2007, the fund implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Environment Fund has not adopted because they are not yet in effect.

The impact the adoption of this Section will have on the fund's financial statements will depend on the nature of future accounting changes.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The impact of the transition to IFRS on the fund's financial statements has not yet been determined.

5. Due from treasury

The Fund is a special purpose fund as defined in subsection 1(1) of the *Financial Administration Act* that forms part of the Government of the Northwest Territories Consolidated Revenue Fund.

In April 2006, the Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances for all participants in money market securities. The monies for these investments flow out of the Consolidated Revenue Fund and do not affect the cash balances of the participants. The investment pool revenues are prorated and distributed to the participants.

6. Loan receivable

The Fund loaned two bottle depot operators funds to be used to pay persons returning empty beverage containers to the depots. One loan is a non-interest bearing loan in the amount of \$4500 and is repayable in monthly installments of \$375 or one lump sum payment due on June 1, 2009. The loan is due May 1, 2010. The other loan is a non-interest bearing loan in the amount of \$4000 and is repayable in monthly installments of \$133 or one lump sum payment due on June 1, 2009. The loan is due November 1, 2011.

Environment Fund

Notes to the Financial Statements

March 31, 2009

6. Loan receivable (continued)

		2009	2008
Loans receivable	\$	8,500	\$ -
Less current portion		5,083	-
	\$	3,417	\$ -
Estimated principal repayments are as follows:			
2010	\$	5,083	
2011		3,417	
	\$	8,500	

Environment Fund

Notes to the Financial Statements

March 31, 2009

7. Capital disclosures

The Fund's objectives when managing capital are:

(a) To safeguard the Fund's ability to continue as a going concern, so that it can continue to meet the objectives of the Legislation.

The Fund manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Fund monitors capital on the basis of the working capital ratio.

The ratio is calculated as current assets minus current liabilities as follows:

	2009	2008
Current Assets	\$ 2,029,028	\$ 1,796,515
Current Liabilities	(339,460)	(264,941)
	<u>\$ 1,689,568</u>	<u>\$ 1,531,574</u>

8. Related party transactions

	2009	2008
Revenue - N.W.T. Liquor Commission	\$ 2,232,936	\$ 2,224,621
Expenses		
GNWT - Environment and Natural Resources	\$ 7,239	\$ 29,127
GNWT - Finance	15,000	15,699
GNWT - Human Resources	246,625	156,328
GNWT - Public Works	-	409
	<u>\$ 268,864</u>	<u>\$ 201,563</u>
Accounts receivable - N.W.T. Liquor Commission	\$ 163,932	\$ 181,239

The Fund receives human resource management, legal services, and risk management from the Government of the Northwest Territories without charge.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Environment Fund

Notes to the Financial Statements

March 31, 2009

10. Financial instruments

The following sections describe the Fund's financial risk management objectives and policies and the Fund's financial risk exposures.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund has a significant number of customers which mitigates credit risk.