

**AECL NUCLEAR FUEL WASTE TRUST FUND**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

# AECL NUCLEAR FUEL WASTE TRUST FUND

**Financial Statements**  
**December 31, 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Trustee of  
AECL NUCLEAR FUEL WASTE TRUST FUND**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **AECL NUCLEAR FUEL WASTE TRUST FUND**, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

### **Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of AECL NUCLEAR FUEL WASTE TRUST FUND as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*C.C.I.*

**Chartered Professional Accountants Professional Corporation  
Licensed Public Accountants**

Toronto, Ontario

February 5, 2016

(Except for note 5, which is dated April 25, 2016)

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Statement of Financial Position December 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and short term investment	358,740	155,098
Interest receivable	<u>199,636</u>	<u>277,065</u>
	<b>558,376</b>	<b>432,163</b>
<b>Fixed term securities (note 3)</b>	<b><u>47,234,354</u></b>	<b><u>44,857,347</u></b>
	<b><u>47,792,730</u></b>	<b><u>45,289,510</u></b>
<b>Liabilities</b>		
<b>Net Assets</b>	<b><u>47,792,730</u></b>	<b><u>45,289,510</u></b>
	<b><u>47,792,730</u></b>	<b><u>45,289,510</u></b>

Approved by

\_\_\_\_\_, Trustee

## AECL NUCLEAR FUEL WASTE TRUST FUND

### Statement of Operations and Changes in Net Assets Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>Revenue</b>		
Interest income	1,259,333	1,263,963
Gain (loss) on disposal of fixed term securities (note 4)	32,281	(110,408)
Unrealized gain on fixed term securities	<u>250,407</u>	<u>539,520</u>
	<b><u>1,542,021</u></b>	<b><u>1,693,075</u></b>
<b>Expenses</b>		
Trustee fee	<u>128,635</u>	<u>121,492</u>
<b>Net income for the year</b>	<b>1,413,386</b>	<b>1,571,583</b>
Capital, beginning of year	45,289,510	42,242,944
Contribution (note 5)	<u>1,089,834</u>	<u>1,474,983</u>
<b>Capital, end of year</b>	<b><u>47,792,730</u></b>	<b><u>45,289,510</u></b>

# AECL NUCLEAR FUEL WASTE TRUST FUND

## Statement of Cash Flows Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>Operating Activities</b>		
Net income	1,413,386	1,571,583
(Gain) loss on disposal of fixed term securities	(32,281)	110,408
Unrealized gain on fixed term securities	(250,407)	(539,520)
Changes in other non-cash working capital components (1)	<u>77,430</u>	<u>(26,816)</u>
	<u><b>1,208,128</b></u>	<u><b>1,115,655</b></u>
<b>Investing Activities</b>		
Purchase of fixed-term securities	(22,457,974)	(18,970,189)
Disposal of fixed term securities	<u>20,363,654</u>	<u>16,484,585</u>
Net cash used in investing activities	<u><b>(2,094,320)</b></u>	<u><b>(2,485,604)</b></u>
<b>Financing Activities</b>		
Capital contribution	<u><b>1,089,834</b></u>	<u><b>1,474,983</b></u>
<b>Net increase in cash and short term investment</b>	<b>203,642</b>	<b>105,034</b>
Cash and short term investment, beginning of year	<u>155,098</u>	<u>50,064</u>
<b>Cash and short term investment, end of year</b>	<u><b>358,740</b></u>	<u><b>155,098</b></u>
(1) Changes in other non-cash working capital components represented by:		
Interest receivable	<u>77,430</u>	<u>(26,816)</u>
Additional Cash Flows Information		
Interest received	<u>1,336,763</u>	<u>1,237,046</u>

(See Accompany Notes to Financial Statements)

# **AECL NUCLEAR FUEL WASTE TRUST FUND**

## **Notes to Financial Statements Year Ended December 31, 2015**

### **1. Description of Trust**

The Nuclear Fuel Waste Act, an Act respecting the long-term management of nuclear fuel waste, came into force on November 15, 2002. Pursuant to the Act, the trust was settled by Atomic Energy of Canada Limited and the assets of the trust are held by CIBC Trust Corporation. Contributions to the trust were made in accordance with the provisions of the Act.

### **2. Summary of Significant Accounting Policies**

- (a) **Basis of accounting**  
These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.
- (b) **Use of estimates in the preparation of financial statements**  
The preparation of the financial statements of AECL Nuclear Fuel Waste Trust Fund requires the trustee to make estimates and assumptions, mainly concerning the valuation of items, which affect reported amount of assets, liabilities, net income and related disclosures. Actual results could differ from these estimates.
- (c) **Cash and short-term investment**  
Cash and short-term investment include cash on account and short-term investment with original maturities of three months or less. Cash and short-term investment are classified as held-for-trading and are carried at the fair value, which is the quoted market price.
- (d) **Fixed-term Securities**  
Fixed-term securities are classified as held-for-trading investments and are carried at the fair value, which is the quoted market price.
- (e) **Revenue Recognition**  
Interest earned on cash and short-term investment and fixed term securities is taken into income as it accrues, at the effective interest rates.
- (f) **Income Taxes**  
The trust has been exempted from filing income tax return, therefore no provision for income taxes have been recorded.



## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2015

#### 3. Fixed-term Securities

The amortized cost, term to maturity and market value of the fixed-term securities are as follows:

	<u>2015</u>			
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Market Value \$
Securities issued by Canada	-	-	-	-
by Provinces & municipality	-	18,080,656	10,053,056	29,200,029
Other debt securities	-	<u>12,590,248</u>	<u>5,330,385</u>	<u>18,034,325</u>
	<u>-</u>	<u>30,670,904</u>	<u>15,383,441</u>	<u>47,234,354</u>
	<u>2014</u>			
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Market Value \$
Securities issued by Canada	-	-	-	-
by Provinces & municipality	-	17,266,805	12,150,757	30,791,735
Other debt securities	-	<u>12,529,261</u>	<u>1,503,025</u>	<u>14,065,612</u>
	<u>-</u>	<u>29,796,066</u>	<u>13,653,782</u>	<u>44,857,347</u>

#### 4. Loss on Disposal of Fixed Term Securities

The loss on disposal of fixed term securities is comprised of as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Reversal of prior years unrealized gain	(477,896)	(192,788)
Realized gain	<u>510,177</u>	<u>82,380</u>
	<u>32,281</u>	<u>(110,408)</u>

## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2015

#### 5. Contribution

Contributions made by Atomic Energy of Canada Limited are as follows:

	\$
Initial contribution - November 25, 2002	10,000,000
Annual contribution :	
November 14, 2003	2,000,000
November 15, 2004	2,000,000
November 15, 2005	2,000,000
November 14, 2006	2,000,000
November 14, 2007	2,000,000
November 14, 2008	2,000,000
May 13, 2009	1,746,645
April 6, 2010	1,818,812
March 31, 2011	1,898,115
April 2, 2012	1,356,134
March 26, 2013	1,414,173
March 24, 2014	1,474,983
March 30, 2015	<u>1,089,934</u>
	<u>32,798,796</u>

The annual contribution has been reduced by \$100 to \$1,089,934 to reflect the actual contribution made.

#### 6. Financial Instruments

(a) Fair value

The trust's financial instruments comprise of cash and short term investment, interest receivable, fixed term securities and accounts payable and accruals. These financial instruments are reported at their fair value. The fair value of cash, interest receivable and accounts payable and accruals are the same as the carrying values due to the short term nature. The book and fair values of fixed term securities are disclosed in note 3.

(b) Interest rate risk

The following tables give the detailed maturity dates and average effective rates of the on- and off-balance sheet instruments.

## AECL NUCLEAR FUEL WASTE TRUST FUND

### Notes to Financial Statements Year Ended December 31, 2015

#### 6. Financial Instruments (continued)

	Less than 3 months \$	Over 3 months to 1 year \$	Over 1 year to 5 years \$	Over 5 years \$	Non interest sensitive \$	Total \$
<b>Assets</b>						
Cash and short term investment and fixed term securities	334,929	-	31,385,415	15,848,940	23,911	47,593,195
Rate	0.37%	-%	2.75%	2.77%	-%	-%
Interest receivable					199,636	199,636
Rate				-%	-%	-%

(c) Currency risk

The trust fund only invests in Canadian dollar denominated instruments to avoid taking in currency risk in the portfolio.