

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

Annual Report 2021 >>

Auditor's report and financial statements

Management's responsibility for financial reporting

The accompanying consolidated financial statements of the Nuclear Waste Management Organization (NWMO) and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the Chartered Professional Accountants Canada Handbook. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments, particularly when transactions affecting the current accounting period cannot be finalized until future periods.

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, and in light of information available up to February 14, 2022.

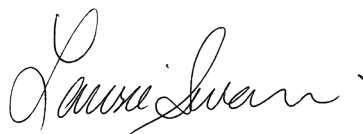
Management has a system of internal controls designed to provide reasonable assurance that the consolidated financial statements are accurate and complete in all material respects. The internal control system includes an established business conduct policy that applies to all employees. Management believes that the systems provide reasonable assurance that transactions are properly authorized and recorded, financial information is relevant, reliable and accurate, and the Organization's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfils our responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit, Finance and Risk Committee (the Committee).

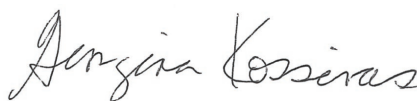
The Committee is appointed by the Board and meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review the consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the members. The Committee also considers, for review by the Board and approval by the members, the engagement or reappointment of the external auditor.

The consolidated financial statements have been audited by Deloitte LLP, the independent external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the members.

February 14, 2022



Laurie Swami
President and CEO



Georgina Kossivas
Chief Financial and Risk Officer

Independent Auditor's Report

To the Members of
Nuclear Waste Management Organization

Opinion

We have audited the consolidated financial statements of Nuclear Waste Management Organization (the "Organization"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with 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 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 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Deloitte LLP

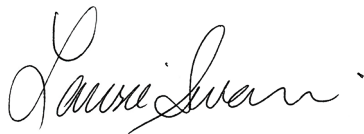
Chartered Professional Accountants
Licensed Public Accountants
February 14, 2022
Vaughan, Ont.

Consolidated statement of financial position

As at December 31, 2021

		2021	2020
Assets	Notes	\$	\$
Current assets			
Cash		7,461,090	3,203,888
Member contributions receivable	5a	13,316,377	10,597,104
Other receivable from members and AECL		1,317,420	2,121,380
Accounts receivable	12	143,600	219
Prepaid expenses and deposits		2,130,029	1,619,687
		24,368,516	17,542,278
Capital assets	3	37,835,394	33,494,135
Accrued pension asset	7	70,044,678	59,780,395
		132,248,588	110,816,808
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7 and 12	23,139,624	16,621,345
Deferred lease inducements	8	460,171	543,839
Deferred/payable contributions from members and AECL	5b	1,368,721	877,094
		24,968,516	18,042,278
Deferred capital contributions	6	37,835,394	33,494,135
Deferred contributions from members and AECL	5c	12,513,656	12,781,788
Other post-employment and pension benefits liability	7	29,156,068	36,998,653
		79,505,118	83,274,576
Net assets		27,774,954	9,499,954
		132,248,588	110,816,808

Approved by the Board of Directors on February 14, 2022



Laurie Swami
President and CEO
Toronto, Ont.



Beth Summers
Chair – Audit, Finance and Risk Committee
Toronto, Ont.

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

Consolidated statement of operations

Year ended December 31, 2021

		2021	2020
	Notes	\$	\$
Revenue			
Contributions from members	4	147,149,000	110,505,693
Contributions from AECL		1,554,595	846,074
		148,703,595	111,351,767
Change in deferred capital contributions	6	(4,341,259)	(27,881,231)
Change in long-term deferred contributions from members and AECL	5c	268,132	(765,431)
Change in member contributions receivable	5a	2,719,273	10,576,465
Change in deferred/payable contributions from members and AECL	5b	(491,627)	(619,173)
Total contribution revenue	11	146,858,114	92,662,397
Interest and other revenue	11	46,305	90,730
Total revenue		146,904,419	92,753,127
Expenses			
Adaptive Phased Management			
Staffing and administration		46,262,829	40,931,986
Site assessment		40,735,475	9,143,890
Engagement		24,338,440	19,716,093
Engineering		10,673,210	8,060,635
Regulatory decision-making		8,788,414	3,822,359
Safety		4,346,321	4,225,173
Communications		3,753,314	3,195,877
Transportation		671,295	282,067
		139,569,298	89,378,080
Services for OPG's Deep Geologic Repository			
Geoscience		2,932,266	359,352
Safety assessment/waste characterization		-	648,262
Environmental assessment		-	361,521
		2,932,266	1,369,135
Integrated Strategy for Radioactive Waste			
Communications and engagement		1,959,027	496,909
Technical and project management		859,504	64,799
		2,818,531	561,708
Amortization of capital assets		1,584,324	1,444,204
Total expenses	11	146,904,419	92,753,127
Excess of revenue over expenses for the year		-	-

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

Consolidated statement of changes in net assets

Year ended December 31, 2021

	2021	2020
	\$	\$
Net assets, beginning of year	9,499,954	6,894,954
Excess of revenue over expenses for the year	-	-
Remeasurements during the year:		
Accrued pension asset	8,628,000	8,196,000
Other post-employment and pension benefits liability	9,647,000	(5,591,000)
Net assets, end of year	27,774,954	9,499,954

Consolidated statement of cash flows

Year ended December 31, 2021

		2021	2020
		\$	\$
Operating activities			
Cash received from contributions		142,767,671	81,951,268
Interest and other revenue received		46,305	90,730
		142,813,976	82,041,998
Cash paid for salaries and benefits, materials and services		(138,556,774)	(97,909,929)
		4,257,202	(15,867,931)
Investing activity			
Purchase of capital assets	3	(5,935,924)	(29,400,499)
Financing activity			
Cash received from contributions used for purchase of capital assets		5,935,924	29,400,499
Net increase (decrease) in cash		4,257,202	(15,867,931)
Cash, beginning of year		3,203,888	19,071,819
Cash, end of year		7,461,090	3,203,888

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

Notes to the consolidated financial statements

December 31, 2021

1. Description of organization

The Nuclear Waste Management Organization (“NWMO”) is a not-for-profit corporation without share capital, established under the *Canada Corporations Act*, as required by the *Nuclear Fuel Waste Act* (“NFWA”), which came into force on November 15, 2002. The NWMO transitioned to the *Canada Not-for-profit Corporations Act* and obtained a Certificate of Continuance on December 20, 2012.

The NFWA requires electricity-generating companies which produce used nuclear fuel to establish a waste management organization. In accordance with the NFWA, the NWMO established an Advisory Council, conducted a study and provided recommendations on the long-term management of used nuclear fuel to the Government of Canada. The results of the study and the recommendations were submitted in November 2005. As part of the long-term mandate, the NWMO is now responsible for implementing Adaptive Phased Management (“APM”), an approach selected by the Government of Canada to address the management of used nuclear fuel.

The NWMO formally began operations on October 1, 2002. Its founding members are Hydro-Québec, New Brunswick Power Corporation, and Ontario Power Generation Inc. (“OPG”) (“members”). The NFWA requires that the NWMO offer nuclear fuel waste management services at a fee to all owners of nuclear fuel waste produced in Canada, including non-members and Atomic Energy of Canada Limited (“AECL”).

Pursuant to a Membership Agreement, cost sharing of APM costs in 2021 is based on the principles of the projected total number of fuel bundles and the assumed timing of access to the long-term used fuel management facility. This cost-sharing formula has been in effect since January 1, 2018.

The NWMO has an agreement with OPG to provide services supporting its Low- and Intermediate-Level Waste Deep Geologic Repository (“DGR”). The NWMO’s activities related to this program were reduced since 2018, as the project management activities were transitioned back to OPG. The NWMO continued to offer limited support to OPG under the existing DGR Services Agreement that ended on December 31, 2021.

On November 13, 2020, the Minister of Natural Resources Canada (“NRCan”) tasked the NWMO with leading the development of Canada’s Integrated Strategy for Radioactive Waste (“ISRW”). This strategy will address all Canada’s radioactive waste, with the work that the NWMO is leading focusing on existing gaps, specifically in the long-term management for low- and intermediate-level waste. The resulting integrated strategy is not intended to replace other projects currently in progress, but rather incorporate them as part of the recommendations, and work will continue into 2022, pending completion of NRCan’s review of Canada’s existing Radioactive Waste Policy Framework.

2. Significant accounting policies

Basis of presentation

The NWMO has elected to present consolidated financial statements that included its accounts and those of its wholly owned subsidiaries (collectively, the "NWMO").

The consolidated financial statements of the NWMO are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the Chartered Professional Accountants Canada ("CPA Canada") Handbook using the deferral method of reporting restricted contributions. The significant accounting policies adopted by the NWMO are as follows:

Principles of consolidation

The NWMO's wholly owned subsidiaries are those entities over which the NWMO has control and has the right and ability to obtain future economic benefits, and is exposed to the related risks. Control is the continuing power to determine the strategic operating, investing and financing policies of the other entity without the co-operation of others.

Consolidated wholly owned subsidiaries include:

- » NWMO Property Management 1 Inc.;
- » NWMO Property Management 2 Inc.; and
- » NWMO Property Management 3 Inc.

On January 2, 2020, the NWMO incorporated its three wholly owned subsidiaries under the *Canada Business Corporations Act* to support site assessment activities.

Capital assets

Capital assets are recorded at cost. Amortization is provided for on the straight-line basis over their estimated useful lives as follows:

Office building	15 years
Furniture and office equipment	7 years
Transport and work equipment	7 years
Vehicles	5 years
Computer equipment and software	3 years
Leasehold improvements	Initial lease term plus one renewal period

2. Significant accounting policies (continued)

Income tax

The NWMO and its wholly owned subsidiaries are not-for-profit organizations, and pursuant to section 149(1)(1) of the *Income Tax Act* (“ITA”), are not subject to income tax.

Revenue recognition

Contributions received from members and AECL are treated as restricted contributions, and as such, they are recognized as revenue when qualifying expenses are incurred. Any excess or shortfall of member contributions is recorded as deferred/payable contributions or member contributions receivable, respectively.

Contributions used for the purchase of capital assets owned by the NWMO are initially recognized as deferred capital contributions and amortized into revenue at the rate corresponding with the amortization rate of the related capital assets.

Pension and other post-employment benefits

The NWMO’s post-employment benefit programs include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, and other post-employment benefits, including group life insurance and health-care benefits. The NWMO has adopted the following policies with respect to accounting for these post-employment benefits:

- (i) The NWMO accrues its obligations under pension, supplementary pension plan, and other post-employment benefit (“OPEB”) plans. The defined benefit obligation for pension is determined using the projected benefit method pro-rated on service and is measured based on the actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind up, or similar valuation basis). Under this method, the benefit costs are amortized over the average remaining service period of active employees as indicated in Note 7. For other unfunded plans such as supplementary pension plan and OPEB, a similar accrual method is used and the benefit obligations are measured based on the actuarial valuation for accounting purposes. Remeasurements for the period are recorded through the consolidated statement of changes in net assets.

- (ii) The obligations are affected by salary levels, inflation, and cost escalation of specific items (e.g., dental and health claims). Pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions. The discount rate used by the NWMO in determining projected benefit obligations and the costs for the NWMO's pension plan is based on the funding valuation on a going concern basis, while other employee benefit plans' discount rates are based on representative AA corporate bond yields in effect at the end of the year.
- (iii) Pension fund assets are valued using market-related values for the purposes of determining actuarial gains or losses and the actual return on plan assets. The plan's assets consist of pooled funds, fixed income securities and limited partnership units in a real estate fund. Market and credit risk on these securities are managed by the plan by placing plan assets in trust and through the plan's investment policy.

Research and development

Research and development costs are charged to operations as expenses in the year incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at the year-end exchange rate. Any resulting gain or loss is reflected in staffing and administration expenses. Transactions in foreign currencies throughout the year have been converted at the exchange rate prevailing at the date of the transaction.

Financial instruments

Financial instruments include cash, member contributions receivable, other receivable from members and AECL, accounts receivable, and accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when the NWMO becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the consolidated statement of operations.

2. Significant accounting policies (continued)

Related party transactions

Related party transactions are recorded at the exchange amount.

Use of estimates

The preparation of consolidated 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, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates. Accounts requiring significant estimates include accrued pension asset, other post-employment and pension benefits liability, certain accrued liabilities and amortization which is based on the estimated useful life of the capital assets.

3. Capital assets

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	31,838,644	-	31,838,644	27,058,750
Computer equipment and software	4,722,159	3,690,763	1,031,396	1,392,402
Transport and work equipment	5,984,727	2,323,388	3,661,339	3,626,220
Furniture and office equipment	1,852,624	1,342,401	510,223	550,665
Leasehold improvements	1,979,660	1,948,670	30,990	37,188
Office building	1,182,612	432,543	750,069	828,910
Vehicles	388,379	375,646	12,733	-
	47,948,805	10,113,411	37,835,394	33,494,135

During 2020, capital assets with a cost of \$3,187,605 and accumulated amortization of \$3,142,363 were written off. The resulting loss of \$45,242 was included in amortization expense. No capital assets were written off during the current year.

Capital asset additions totalling \$104,738 (\$115,079 in 2020) have been excluded from the consolidated statement of cash flows as they remain unpaid at year-end. During 2021, capital asset additions totalling \$115,079 (\$190,143 in 2020) have been included in the consolidated statement of cash flows as they were accrued at December 31, 2020, and paid in 2021 (2020 – accrued at December 31, 2019, and paid in 2020).

4. Related party transactions and balances

Transactions and balances not otherwise disclosed separately in these consolidated financial statements are as follows:

	2021				2020
	APM	DGR	ISRW	Total	Total
	\$	\$	\$	\$	\$
Transactions during the year					
Member contributions					
Ontario Power Generation Inc.	132,393,000	3,038,000	2,615,000	138,046,000	103,031,310
New Brunswick Power Corporation	5,797,000	-	111,000	5,908,000	4,065,383
Hydro-Québec	3,120,000	-	75,000	3,195,000	3,409,000
	141,310,000	3,038,000	2,801,000	147,149,000	110,505,693

5. Member and AECL contributions

The NWMO is solely funded through contributions it receives from its members and AECL. The contributions are restricted in nature, and thus revenue is recognized when qualifying expenses are incurred. Amounts received in advance of qualifying expenses are recorded as deferred contributions. Commitments for contributions that have not been received by the NWMO are recorded as member contributions receivable when the amount is determinable and the ultimate collection is likely.

(a) Contributions receivable from members

Contributions receivable from members are comprised of the following:

	2021	2020
	\$	\$
Ontario Power Generation Inc.	13,244,997	10,257,398
New Brunswick Power Corporation	71,380	339,706
	<u>13,316,377</u>	<u>10,597,104</u>

(b) Deferred/payable contributions from members and AECL – current

Deferred/payable contributions from members and AECL are comprised of the following:

	2021	2020
	\$	\$
Hydro-Québec	688,534	749,809
Atomic Energy of Canada Limited	680,187	127,285
	<u>1,368,721</u>	<u>877,094</u>

(c) Long-term deferred contributions from members and AECL

Long-term deferred contributions from members and AECL represent amounts received or receivable to fund various employee future benefits as follows:

	2021	2020
	\$	\$
Accrued pension asset	70,044,678	59,780,395
Other post-employment and pension benefits liability	(29,156,068)	(36,998,653)
Other post-employment and pension benefit liabilities – short term (Note 7)	(600,000)	(500,000)
Remeasurements in net assets	(27,774,954)	(9,499,954)
	<u>12,513,656</u>	<u>12,781,788</u>

(d) Continuity of deferred contributions from members and AECL

The continuity of deferred contributions from members and AECL is as follows:

	2021	2020
	\$	\$
Balance, beginning of year		
Deferred/payable contributions from members and AECL – current	877,094	257,921
Deferred contributions from members and AECL – long term	12,781,788	12,016,357
	13,658,882	12,274,278
Contributions received	148,703,595	111,351,767
Contributions receivable	13,316,377	10,597,104
Contribution revenue recognized	(146,858,114)	(92,662,397)
Amounts received previously recognized	(10,597,104)	(20,639)
Change related to deferred capital contributions	(4,341,259)	(27,881,231)
	13,882,377	13,658,882
Balance, end of year		
Deferred/payable contributions from members and AECL – current	(1,368,721)	(877,094)
Deferred contributions from members and AECL – long term	12,513,656	12,781,788

6. Deferred capital contributions

	2021	2020
	\$	\$
Balance, beginning of year	33,494,135	5,612,904
Contributions for the purchase of capital assets	5,925,583	29,325,435
Less amortization into revenue	(1,584,324)	(1,444,204)
Balance, end of year	37,835,394	33,494,135

7. Pension and other post-employment benefit plans

Effective January 1, 2009, the NWMO offers benefits to certain employees and retirees. A brief overview of these benefit plans is set out below:

(a) Registered pension plan

The federally registered pension plan is a contributory defined benefit plan covering eligible employees and retirees. The registered pension plan is funded, and plan assets are managed by third parties and include pooled funds, fixed income securities, and limited partnership units in a real estate fund. The benefit costs and assets related to this plan are recorded in the NWMO's consolidated financial statements.

(b) Supplementary pension plan

The supplementary pension plan is a defined benefit plan covering certain employees and retirees. This plan is unfunded.

(c) Other post-employment benefit plans

The other post-employment benefit plans provide medical, dental and group life insurance coverage for certain groups of full-time employees who have retired from the NWMO. These plans are unfunded.

A funding valuation, which was completed for the registered pension plan as of January 1, 2021, reported an actuarial surplus of \$59.3 million and a funding ratio of 174% on a going concern basis; and an actuarial surplus of \$9.2 million and a solvency ratio of 107% on a solvency basis.

In the case of a federally registered pension plan surplus, the *ITA* prohibits the making of contributions while the plan assets exceed 125% of the current value of the plan's liabilities on a going concern basis if the pension plan is also fully funded on a solvency basis (solvency ratio in excess of 105%).

As a result, the *ITA* prohibits the plan sponsor from contributing to the pension plan after the actuarial valuation report is filed with regulators. Consequently, the NWMO has made total contributions of \$1.3 million for 2021 up until the actuarial valuation report filing was made in June 2021 (\$2.5 million in 2020).

The most recent actuarial valuations were performed for the registered pension plan as at January 1, 2021, for the supplementary pension plan as at December 31, 2019, and for the other post-employment benefit plans as at December 31, 2020. The liability as at December 31, 2021, is based on an extrapolation of the previous valuations.

Information for the NWMO's pension plans and other post-employment benefit plans is as follows:

	Registered pension plan		Supplementary pension plan		Other post-employment benefit plans	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Changes in accrued benefit obligation						
Accrued benefit obligation, January 1	(82,841,000)	(74,133,000)	(10,142,834)	(7,661,237)	(27,355,819)	(22,083,297)
Current service cost	(2,733,000)	(2,143,000)	(352,000)	(288,000)	(1,918,000)	(1,335,000)
Interest cost	(4,456,000)	(4,158,000)	(280,000)	(262,000)	(757,000)	(744,000)
Past service cost	(45,000)	(5,000)	-	-	-	-
Employee contributions	(667,000)	(1,342,000)	-	-	-	-
Benefits paid	5,622,000	2,247,000	1,113,937	276,403	288,648	189,478
Net actuarial (loss) gain	(1,192,000)	(3,307,000)	797,000	(2,208,000)	8,850,000	(3,383,000)
Accrued benefit obligation, December 31	(86,312,000)	(82,841,000)	(8,863,897)	(10,142,834)	(20,892,171)	(27,355,819)
Changes in plan assets						
Fair value of plan assets, January 1	142,621,395	122,788,845	-	-	-	-
Expected return on plan assets	7,523,000	6,775,000	-	-	-	-
Benefits paid	(5,622,000)	(2,247,000)	-	-	(288,648)	(189,478)
Net actuarial gain	9,820,000	11,503,000	-	-	-	-
Employer contributions	1,302,283	2,454,550	-	-	288,648	189,478
Past service cost	45,000	5,000	-	-	-	-
Employee contributions	667,000	1,342,000	-	-	-	-
Fair value of plan assets, December 31	156,356,678	142,621,395	-	-	-	-
Funded status						
Fair value of plan assets	156,356,678	142,621,395	-	-	-	-
Accrued benefit obligation	(86,312,000)	(82,841,000)	(8,863,897)	(10,142,834)	(20,892,171)	(27,355,819)
Accrued benefit asset (liability)	70,044,678	59,780,395	(8,863,897)	(10,142,834)	(20,892,171)	(27,355,819)
Short-term portion						
Short-term portion	-	-	(300,000)	(250,000)	(300,000)	(250,000)
Long-term portion						
Long-term portion	70,044,678	59,780,395	(8,563,897)	(9,892,834)	(20,592,171)	(27,105,819)
	70,044,678	59,780,395	(8,863,897)	(10,142,834)	(20,892,171)	(27,355,819)
Components of cost recognized						
Current service cost	2,733,000	2,143,000	352,000	288,000	1,918,000	1,335,000
Interest cost on accrued benefit obligation	4,456,000	4,158,000	280,000	262,000	757,000	744,000
Expected return on plan assets	(7,523,000)	(6,775,000)	-	-	-	-
Cost (recovery) recognized	(334,000)	(474,000)	632,000	550,000	2,675,000	2,079,000

7. Pension and other post-employment benefit plans (continued)

The short-term portion of the accrued benefits liability of \$600,000 (\$500,000 in 2020) that is included in accounts payable and accrued liabilities is part of the total \$29,756,068 (\$37,498,653 in 2020) accrued benefits liability at the end of the year for the supplementary pension and other post-employment benefit plans.

The pension and other post-employment benefit costs recognized are included in the respective expense categories in the consolidated statement of operations.

The significant actuarial assumptions for benefit obligations and costs adopted in estimating the NWMO's accrued benefit obligations are as follows:

	Registered pension plan		Supplementary pension plan		Other post-employment benefit plans	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Discount rate at the beginning of the period	5.25	5.50	2.60	3.20	2.60	3.20
Salary schedule escalation rate	3.00	3.00	3.00	3.00	-	-
Rate of cost of living increase	2.00	2.00	2.00	2.00	-	-
Rate of increase in health-care cost trend	-	-	-	-	5.20	5.34
Discount rate at the end of the period	5.25	5.25	3.10	2.60	3.10	2.60
Average remaining service life for employees	15 years	14 years	15 years	14 years	15 years	15 years

Sensitivity information related to the other post-employment benefit plans is as follows:

	2021	2020
	\$	\$
Effect of 1% increase in health-care cost trends on		
Accrued benefit obligation	4,741,000	6,767,000
Current service cost and interest cost	573,000	908,000
Effect of 1% decrease in health-care cost trends on		
Accrued benefit obligation	(3,477,000)	(4,860,000)
Current service cost and interest cost	(398,000)	(610,000)

The supplementary pension plan is unfunded and is secured by a Standby Letter of Credit of \$9,725,800 (\$11,997,800 in 2020) obtained on the NWMO's behalf by OPG, as approved by the members.

8. Deferred lease inducements

	2021	2020
	\$	\$
Tenant inducements	835,676	835,676
Less accumulated amortization	(375,505)	(291,837)
	460,171	543,839

9. Guarantees

In the normal course of business, the NWMO enters into agreements that meet the definition of a guarantee.

- (a) The NWMO has provided indemnities for various agreements. Under the terms of these agreements, the NWMO agrees to indemnify the counterparty for various items, including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement.
- (b) The NWMO indemnifies all directors, officers and employees acting on behalf of the NWMO for various items, including, but not limited to, all costs to settle suits or actions due to services provided to the NWMO, subject to certain restrictions.

The nature of these indemnification agreements prevents the NWMO from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the NWMO has not made any payments under such or similar indemnification agreements, and therefore, no amount has been accrued with respect to these agreements.

The NWMO also arranged a Standby Letter of Credit issued by OPG to secure its supplementary pension plan (Note 7).

10. Operating leases

The NWMO has entered into a number of operating leases for office premises and a vehicle which expire at various dates up to June 30, 2027.

The estimated annual minimum payments over the initial term of these leases up to their expiration are as follows:

	\$
2022	1,305,958
2023	1,042,021
2024	1,043,925
2025	1,043,363
2026	1,047,096
2027	523,548
	6,005,911

11. Segment reporting

The NWMO has three reportable segments as follows:

- » Federal mandated program (APM);
- » Direct services outside its mandated program include a service contract with OPG for DGR, which became effective February 1, 2011, and ended December 31, 2021; and
- » ISRW, effective November 13, 2020.

Segment information is as follows:

	APM		DGR		ISRW		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Contribution revenue	141,108,888	90,730,898	2,931,510	1,369,980	2,817,716	561,519	146,858,114	92,662,397
Interest and other income	44,488	89,440	1,002	1,101	815	189	46,305	90,730
Total revenue	141,153,376	90,820,338	2,932,512	1,371,081	2,818,531	561,708	146,904,419	92,753,127
Amortization of capital assets	1,584,078	1,442,258	246	1,946	-	-	1,584,324	1,444,204
Operating expenses	139,569,298	89,378,080	2,932,266	1,369,135	2,818,531	561,708	145,320,095	91,308,923
Total expenses	141,153,376	90,820,338	2,932,512	1,371,081	2,818,531	561,708	146,904,419	92,753,127
Capital asset additions	5,925,583	29,325,435	-	-	-	-	5,925,583	29,325,435

The allocation of the common service expenses to each reportable segment above is based on direct staff hours in each segment.

12. Government remittances

Government remittances is comprised of the following:

	2021	2020
	\$	\$
Goods and Services Tax/Harmonized Sales Tax ("GST/HST") payable	(1,484,663)	(2,153,130)
GST/HST receivable	1,620,767	525,892
GST/HST receivable (payable), net	136,104	(1,627,238)

The net government remittances receivable balance of \$136,104 is included in accounts receivable (2020 – payable balance of \$1,627,238 is included in accounts payable and accrued liabilities).

13. Significant event – COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time, and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the NWMO in future periods.

For more information,
please contact:

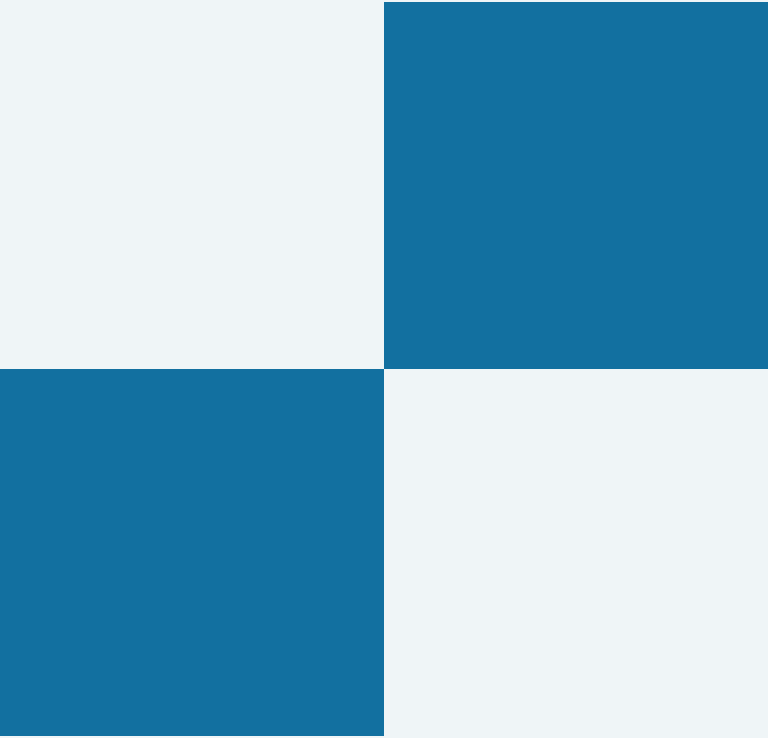
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