

AECL Nuclear Fuel Waste Trust Fund
Financial Statements
December 31, 2023

AECL Nuclear Fuel Waste Trust Fund

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For the year ended December 31, 2023

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Independent Auditor's Report

To the Trustee of AECL Nuclear Fuel Waste Trust Fund:

Opinion

We have audited the financial statements of AECL Nuclear Fuel Waste Trust Fund (the "Trust Fund"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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 Trust Fund as at December 31, 2023, 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. 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 Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 Trust 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 Trust Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust 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 Trust 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 Trust 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.

Markham, Ontario

March 7, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

AECL Nuclear Fuel Waste Trust Fund

Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Current		
Cash	21,648	29,559
Interest receivable	308,405	341,386
	330,053	370,945
Fixed-term securities (Note 3)	75,904,770	71,797,255
	76,234,823	72,168,200
Net Assets	76,234,823	72,168,200

Approved by

CIBC Trust Corporation

CIBC Trust Corporation, Trustee

The accompanying notes are an integral part of these financial statements

AECL Nuclear Fuel Waste Trust Fund
Statement of Operations and Changes in Net Assets
For the year ended December 31, 2023

	2023	2022
Revenue		
Interest income	2,968,168	1,660,035
Unrealized gain (loss) on fixed-term securities	3,808,422	(7,142,473)
Loss on disposal of fixed-term securities	(3,171,615)	(11,871)
	3,604,975	(5,494,309)
Expense		
Trustee fee	188,672	183,835
Net income (loss)	3,416,303	(5,678,144)
Net assets, beginning of year	72,168,200	59,230,652
Contribution (Note 4)	650,320	18,615,692
Net assets, end of year	76,234,823	72,168,200

The accompanying notes are an integral part of these financial statements

AECL Nuclear Fuel Waste Trust Fund

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Net income (loss)	3,416,303	(5,678,144)
Unrealized (gain) loss on fixed-term securities	(3,808,422)	7,142,473
Loss on disposal of fixed-term securities	3,171,615	11,871
	2,779,496	1,476,200
Change in working capital account		
Interest receivable	32,981	(63,979)
	2,812,477	1,412,221
Financing		
Contribution (Note 4)	650,320	18,615,692
Investing		
Purchase of fixed-term securities	(55,019,653)	(30,396,789)
Disposal of fixed-term securities	51,548,945	10,370,000
	(3,470,708)	(20,026,789)
Increase (decrease) in cash	(7,911)	1,124
Cash, beginning of year	29,559	28,435
Cash, end of year	21,648	29,559

The accompanying notes are an integral part of these financial statements

AECL Nuclear Fuel Waste Trust Fund

Notes to the Financial Statements

For the year ended December 31, 2023

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 Fund was settled by Atomic Energy of Canada Limited and the assets of the Trust Fund are held by CIBC Trust Corporation. Contributions to the Trust Fund were made in accordance with the provisions of the Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

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.

Short-term investments

Short-term investments include short-term investments with original maturities of three months or less. Short-term investments are classified as held-for-trading and are carried at the fair value, which is the quoted market price. As at December 31, 2023 there were no short-term investments held by the Trust.

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.

Revenue recognition

The Trust Fund follows the deferral method of accounting for contributions. Trust fund contributions are recognized as direct increases in net assets.

Interest earned on cash and short-term investment and fixed-term securities is taken into income as it accrues, at the effective interest rates.

Income taxes

The Trust Fund has been exempted from filing income tax return, therefore no provision for income taxes has been recorded.

AECL Nuclear Fuel Waste Trust Fund
Notes to the Financial Statements
For the year ended December 31, 2023

3. Fixed-term securities

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

	2023				
	Within 1 year	1 to 5 years	Over 5 years	Total amortized cost	Total market value
Securities issued					
by Canada	12,286,013	25,459,276	-	37,745,289	37,716,517
by provinces & municipality	-	5,253,348	13,508,924	18,762,272	19,470,164
Other debt securities	-	18,500,726	-	18,500,726	18,718,089
	<u>12,286,013</u>	<u>49,213,350</u>	<u>13,508,924</u>	<u>75,008,287</u>	<u>75,904,770</u>
	2022				
	Within 1 year	1 to 5 years	Over 5 years	Total amortized cost	Total market value
Securities issued					
by Canada	-	11,508,423	-	11,508,423	11,497,059
by provinces & municipality	-	5,690,267	28,061,314	33,751,581	30,397,646
Other debt securities	-	23,497,603	8,849,580	32,347,183	29,902,550
	<u>-</u>	<u>40,696,292</u>	<u>36,910,894</u>	<u>77,607,187</u>	<u>71,797,255</u>

AECL Nuclear Fuel Waste Trust Fund
Notes to the Financial Statements
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4. Contributions

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	1,089,934
March 31, 2016	1,137,441
April 3, 2017	93,915
March 29, 2018	175,149
March 28, 2019	896,614
March 27, 2020	695,893
March 28, 2021	342,455
January 18, 2022	17,743,437
March 30, 2022	872,255
March 21, 2023	217,445
March 31, 2023	432,875
	<u>55,406,275</u>

AECL Nuclear Fuel Waste Trust Fund
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5. Financial instruments

The Trust Fund, as part of its operations, carries a number of financial instruments. It is management's opinion that the Trust Fund is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Fair value

The Trust Fund's financial instruments comprise of cash, interest receivable, and fixed-term securities. These financial instruments are reported at their fair value. The fair value of cash and interest receivable 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*.

Interest rate risk

The following table gives the detailed maturity dates and interest rates on the financial instruments.

	Less than 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Assets					
Cash and fixed-term securities	21,648	12,278,064	49,553,626	14,073,080	75,926,418
Rate	-	0.50% - 5.44%	1.10% - 4.87%	1.55% - 3.65%	

Currency risk

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