



2019-20

Annual Report

NUNAVUT DEVELOPMENT CORPORATION

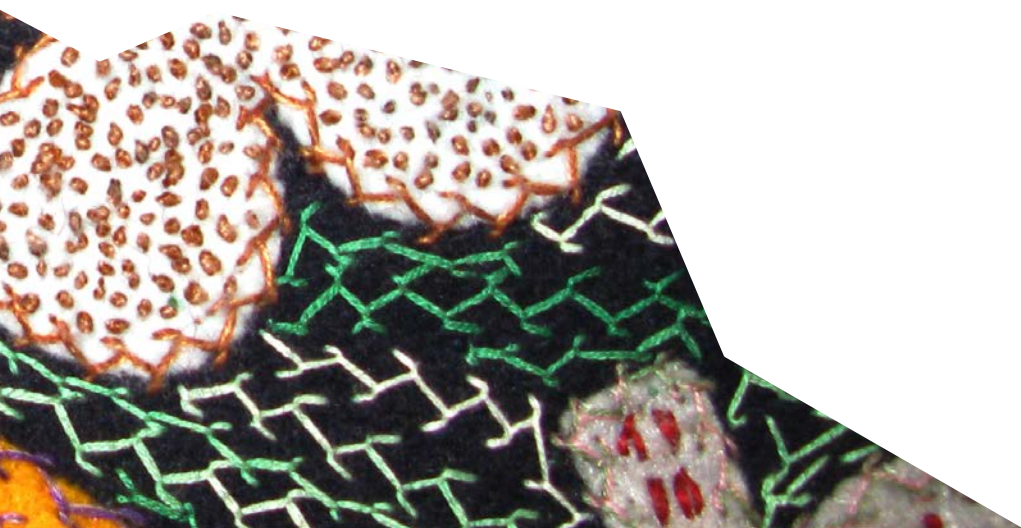


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NUNAVUT DEVELOPMENT CORPORATION
LA CORPORATION DE DÉVELOPPEMENT DU NUNAVUT
NUNAVUNMI PIVALLIAJJUTIKHALIRINIRMUT KUAPURIISINGAT



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Dear Minister,

I am pleased to present to you the 2019-20 Annual Report of the Nunavut Development Corporation (NDC). This year marked a period of transition for our organization. We said goodbye to Darrin Nichol, who served as President and CEO of NDC for more than a decade. At the same time, we were pleased to welcome Goretti Kakuktinniq, our longtime business advisor of cultural industries, into the role interim president. As the year ended, we faced the unprecedented challenges associated with COVID-19. NDC and all eight of its subsidiaries promptly closed to the public in late March based on government directions to prevent the virus's spread. Although the effects of the global pandemic will be fully felt in 2020-21, NDC is still poised to achieve its objectives of creating opportunities for Nunavummiut, growing business and diversifying local economies. We will prove once again how adaptable we are by demonstrating that NDC is here for Nunavummiut when they need us most.

This winter, artists from the community of Pangnirtung through Uqqurmiut Centre for Arts & Crafts in Pangnirtung and artist from the community of Arviat through Kiluk were busy creating Pang hats for Team Nunavut to wear at the Arctic Winter Games in Whitehorse that March. Unfortunately, the athletes never got to sport them because the COVID-19 pandemic caused the cancellation of the games. Yet, when the crisis caused our borders to close, NDC sprung to action, with more than 20 seamstresses working to sew 15,000 masks in Arviat through Kiluk and 5,000 masks between Ivalu in Rankin Inlet, Taluq Designs Ltd. in Taloyoak and Uqqurmiut Arts & Craft in Pangnirtung. These made-in-Nunavut masks protected some of our most vulnerable people. NDC thanks the Government of Nunavut's Department of Economic Development and Transportation (EDT) for funding and direction on this important initiative. Also Kiluk in Arviat produced 80 reusable gowns for the Department of Health during the time of COVID-19.

The Nunavut Development Corporation continued to provide valuable support, services and training opportunities to Nunavummiut this year. We recently extended our WAG@The Forks project partnership with the Winnipeg Art Gallery and EDT for three more years, providing a venue to showcase world-class Inuit art in southern Canada. We also flew up a sewing machine repair expert from Winnipeg to provide maintenance



workshops in five communities—Rankin Inlet, Baker Lake, Arviat, Coral Harbour and Nauyasat. Residents were able to fix their machines and learn tips for keeping them in good condition. We also held training workshops at Taluq Designs in Taloyoak to demonstrate how to make the world-famous packing dolls, giving residents new income earning opportunities. When the COVID-19 pandemic shut down the territory, we continued to purchase as much art as possible to provide support for local artists hit hard by the loss of tourism.

I extend my sincere thanks to the staff of the Corporation and my fellow board members. I would like to welcome Kolola Pitsiulak, who was appointed as an alternate member to the NDC Executive Committee in October 2019, and congratulate Helen Kaloon, who was re-appointed as a member of the board of directors. I am also saddened to note the passing of board member Remi Krikort from Kugaaruk, whose dedication, guidance and input to NDC will be missed.

Finally, I would like to recognize Darrin Nichol for the significant contributions he made as President and CEO of the Nunavut Development Corporation. His clear vision and hard work have been crucial to the successes of our organization.

Sincerely
Donald Havioyak

BOARD OF DIRECTORS

The Minister responsible for the Nunavut Development Corporation is the Honourable David Akeeagok. NDC Board Members are appointed to three-year terms by the Government of Nunavut and represent a strong cross section of Nunavut's diverse population. The NDC Board met three times in 2019-20; twice face to face and once by teleconference.

Section 20 of the Act establishes three subcommittees as follows:

- Investment Committee
- Audit Committee
- Personnel Committee

The NDC Board has elected to establish a single Executive Committee consisting of Chairperson Donald Havioyak, Vice-Chairperson Zacharias Kunuk and Secretary Sakiasie Sowdloopik to undertake the responsibilities of the three committees set out in the Act. In carrying out its responsibilities and making recommendations to the full Board, the Executive Committee was required to meet three times in the year just ended.

The 2019-20 NDC Board of Directors is as follows:



	POSITION	COMMUNITY	APPOINTMENT EFFECTIVE	APPOINTMENT EXPIRES
Donald Havioyak	Chairperson	Kugluktuk	March 09, 2018	March 08, 2021
Zacharius Kunuk	Director	Igloolik	March 09, 2018	March 08, 2021
Sakiasie Sowdloopik	Director	Pangnirtung	March 02, 2018	March 01, 2021
Kolola Pitsiulak	Director	Kimmirut	March 09, 2018	March 08, 2021
Helen Kaloon	Director	Gjoa Haven	December 13, 2019	December 12, 2022
Dudley Maseko	Director	Iqaluit	March 09, 2018	March 08, 2021
Jonas Arreak	Director	Pond Inlet	March 09, 2018	March 08, 2021

CORPORATE **GOVERNANCE** AND **MANAGEMENT**

The Nunavut Development Corporation (the “Corporation” or “NDC”) is a territorial corporation of the Government of Nunavut named in Schedule B of the Financial Administration Act (“FAA”) and operates in accordance with Part IX of the FAA, the Nunavut Development Corporation Act (the “Act”) and the Business Corporations Act. The Act sets out the parameters under which the Corporation operates.

OUR MANDATE (THE “ACT”)

To incorporate, establish and carry on the business of companies or corporations and to develop, establish, operate, manage and carry on the business of projects, directly or indirectly, within the Corporation in order to:

- Create employment and income for residents of Nunavut, primarily in small communities
- Stimulate the growth of business in Nunavut, and
- Promote economic diversification and stability

To invest in business enterprises in order to:

- Stimulate the growth of business in Nunavut, and
- Promote economic diversification and stability

To promote the economic objectives of the Government of Nunavut.

OUR VISION

We are responsible and transparent; we believe that employment and income-earning opportunities positively impact quality of life and lead to healthier communities. Job creation and maintenance will be measured and will be key indicators of our success.

OUR MISSION

To make responsible investments in target Nunavut economic sectors, including fisheries, cultural industries and tourism that help create employment and income opportunities, stimulate the growth of business, and promote economic diversification and stability with an emphasis on investing in Nunavut’s smaller communities.



NDC HEADQUARTERS

ANNUAL SUMMARY	2020	2019
Total Revenues	\$2.08 million	\$1.66 million
Total Expenses	\$1.77 million	\$1.45 million
Annual Surplus	\$305,200	\$206,000
Jobs Created or Maintained	5.00	5.00
Core Funding - Operations*	\$1.45 million	\$1.45 million
Core Funding - Capital*	\$57,900	\$4,000

*(Core Funding included in revenues)

Interim President & Business Advisor (Cultural Industries)
Goretti Kakuktinniq

Chief Financial Officer
Balaji Ramamani CF, CMA, CPA, FIPA (AUS);
CGAP, CFSA, CIA, CMA, CRMA (USA), FCMA;
FCA (IN), FAIA, MCSI (UK), MBA

Finance Officer
Brenda Tagalik

Business Advisor (Commercial Harvesting)
Vacant

PRODUCTION OF MASKS AT KILUK DURING COVID-19

Our seamstresses kept busy with production during the time of COVID. They sprung into action with more than 20 seamstresses across Nunavut in producing reusable masks that can be purchased at our Subsidiary companies retail stores across Nunavut.

From the age of 11 to 55 the seamstresses were kept busy across Nunavut producing masks for Government Departments across Nunavut.

Highlights of the project:

- ED&T partnered on the project with the Nunavut Development Corporation and its subsidiary sewing centres in Arviat, Rankin Inlet, Taloyoak and Pangnirtung.
- To date, ED&T has received and distributed a total of 14,700 washable reusable masks to Nunavut communities, essential services organizations, airlines, businesses, travelers, retailers, isolation hubs and Health centers across Nunavut. Another 300 masks expected to be delivered and redistributed within the next few weeks. This will bring an end to the Department's project to produce and freely distribute 15,000 reusable masks in Nunavut.
- ED&T invested a total of \$105,900 in departmental program funding into this project.
- ED&T also covered approx. \$10,000 in freight costs to support the distribution of masks.
- The project created direct income for a total of 45 seamstresses in the communities of Arviat, Rankin Inlet, Chesterfield Inlet, Taloyoak and Pangnirtung.
- Masks were distributed to all Nunavut communities and isolation hubs in designated travel hubs.
- The project helped Nunavut meet an urgent need for personal protective equipment during the COVID-19 pandemic.
- The project helped the Chief Medical Officer of Nunavut create an emergency reserve of 1,500 masks to be deployed quickly in the event of an outbreak of COVID-19 in a Nunavut community.
- The project has stimulated further purchase orders from governments, mining companies, municipalities and more. This will help seamstresses and NDC subsidiary companies generate more income and benefits for themselves, longer term. Kiluk Ltd of Arviat was also able to secure a contract to produce medical gowns for Nunavut hospital.

JOB CREATION

The following Nunavut jobs were created or maintained during the 2019-2020 fiscal year. These job creation or maintenance figures are consistent with the Corporation's Investment and Divestment Guidelines, which define:

- a Direct Job as 50 weeks of employment per year or 1,500 hours of work during the year
- a Direct Traditional Job as \$37,997 paid during the year directly to individuals such as artists, fishermen, hunters and seamstresses
- an Indirect job as \$37,997 paid during the year by other organizations but as a result of NDC's programs and services

INVESTMENTS	DIRECT JOBS	DIRECT TRADITIONAL JOBS	INDIRECT JOBS	TOTAL JOBS 2020	TOTAL JOBS 2019
Subsidiaries					
Kivalliq Arctic Foods Ltd.	8.85	6.92	-	15.77	11.94
Kitikmeot Foods Ltd.	7.30	2.92	-	10.22	9.35
Ivalu Ltd.	1.30	2.78	-	4.08	7.27
Jessie Oonark Ltd.	5.10	1.65	-	6.75	5.76
Kiluk Ltd.	3.67	0.61	-	4.28	4.23
Taluq Designs Ltd.	1.00	0.96	-	1.96	2.61
Uqqurmiut Arts & Crafts Ltd.	8.68	5.90	-	14.58	15.08
Venture Investments					
Arctic Fishery Alliance Ltd.	-	-	29.06	29.06	30.26
Sudliq Developments Ltd.	-	-	6.19	6.19	13.72
Tukumaaq Suites Inc.	-	-	2.59	2.59	3.74
Nunavet Animal Hospital Inc.	-	-	2.22	2.22	4.26
CHOU Consulting & Dev Inc.	-	-	1.60	1.60	2.51
Arctic UAV	-	-	2.11	2.11	2.91
Projects					
WAG @ Forks	-	-	2.80	2.80	4.21
Nunavut Qiviut Inc	-	-	0.09	0.09	0.47
Ikalukpik Fish Plant	-	-	-	-	0.76
Sub-total	35.90	21.74	46.66	104.30	119.08
Nunavut Development Corporation	5.00	14.00	-	19.00	20.50
Total	40.90	35.74	46.66	123.30	139.58



INVESTMENTS THAT **MAKE A DIFFERENCE**

NDC invests equity capital (shares) in Nunavut-based companies that demonstrate significant employment and income-earning potential for Nunavummiut. Our investments are meant to help stimulate the growth of business and promote economic diversification with an emphasis on placing investments in Nunavut's smaller communities.

VENTURE EQUITY INVESTMENTS

Arctic Fisheries Alliance LP. Qikiqtarjuaq, Nunavut Non-Voting, Preferred Share Interest	\$250,000
Sudliq Developments Ltd. Coral Harbour, Nunavut Non-Voting, Preferred Share Interest	\$375,000¹
Tukumaaq Suites Inc. Clyde River, Nunavut Non-Voting, Preferred Share Interest	\$325,000
NunaVet Animal Hospital Inc. Iqaluit, Nunavut Non-Voting, Preferred Share Interest	\$126,500
CHOU Consulting and Development Inc. Cambridge Bay, Nunavut Non-Voting, Preferred Share Interest	\$125,000
Arctic UAV Inc. Iqaluit, Nunavut Non-Voting Preferred Shares Interest	\$443,000

1 - The investment in Sudliq Developments Ltd is \$375,000. However, a Provision for Venture investment loss of \$375,000 is recorded in the 2019-20 financial statements.



NDC SALES DIVISION

The Nunavut Development Corporation's Sales Division and retail outlet located in Toronto, focuses on the national and international marketing, distribution and sales of our Nunavut arts and crafts products. Ivalu Ltd, in Rankin Inlet, concentrates on the Northern and Nunavut market.

The Sales Division promotes Nunavut sculpture and many other unique art items to galleries across Canada, the U.S. and around the world. The convenient location close to Pearson International Airport, helps facilitate out of town and out of country sales to visiting galleries and dealers. Customers visit the showroom throughout the year and come from all over Canada, as well as from international cities, like Paris or Bern.

Working with partner companies Kiluk Ltd., Taluq Ltd., Jessie Oonark Ltd., and Uqqurmiut Arts and Crafts Ltd., helps ensure the diversity and the quality of Nunavut products that are in demand by retailers and their customers. The Sales Division ensures locally produced Nunavut arts and crafts are distributed and promoted across the territory as well as nationally and internationally, with our partner galleries and resellers.

The sales team at NDC are well recognized for their knowledge and expertise in the arts and crafts industry in Nunavut. The level of client and customer service care delivered by the sales team is known to be exceptional.

The art industry continued to face the challenges of changing audience demography and socio-economic landscape. However, the Sales division continued to have a steady and stable year. Through the operations of the Sales Division, the Nunavut Development Corporation directly supported over 250 Nunavummiut by purchasing arts and crafts, and represented Inuit art worldwide by distributing to over 60 galleries and retailers in 5 countries. 2019/2020 saw 6 returning clients and 4 new clients, and a special project with NACA and the Arts Council Windsor & Region widened audience awareness and support.

ANNUAL SUMMARY	2020	2019
Total Revenues	\$1.02 million	\$1.13 million
Total Expenses	\$1.82 million	\$1.15 million
Annual Surplus / (Deficit)	\$(800,900)	\$(14,000)
Jobs Created or Maintained	14.00	15.00
Core Funding - Operations*	\$200,000	\$200,000
Core Funding - Capital*	\$1,400	\$13,800

*(Core Funding included in revenues)

General Manager

Yusan Ha

Office Manager

Teresa Silva

Shipper Receiver

Jhon Diaz

Contact

Tel: 1-800-509-9153

Fax: 1-800-509-9154

yha.ndcorp



SUBSIDIARY **OPERATIONAL SUMMARY**





SEW IMPORTANT

NDC brings sewing machine repair workshops to Nunavut communities

If it ain't broke, you can still fix it—a little preventative maintenance goes a long way.

That was one of the pearls of wisdom that Winnipegger Gary Israel shared with residents of five Nunavut communities last fall and winter at drop-in sewing machine repair workshops. Israel, who has more than 40 years of experience working on sewing machines, made repairs and offered advice and suggestions to sewing machine owners at the events, sponsored and organized by Ivalu Ltd. and the Government of Nunavut's Economic Development and Transportation department.

The workshop travelled to Rankin Inlet, Baker Lake and Arviat—home to NDC subsidiaries Ivalu, Jessie Oonark Centre and Kiluk, respectively. It also stopped in Nauyasat and Coral Harbour, where Nunavut-made arts and crafts from Ivalu's inventory were made available for sale.

Nunavummiut rely on their sewing machines to fashion everything from parkas to kamiit. But replacement parts and repair manuals can be tough to come by, so it was no surprise that dozens of Nunavummiut took their machines to Israel. NDC hopes to bring the repair workshop to Whale Cove and Chesterfield Inlet in the coming year.

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Nunavummiut rely on their sewing machines to fashion everything from parkas to kamiit. But replacement parts and repair manuals can be tough to come by, so it was no surprise that dozens of Nunavummiut took their machines to Israel.



TOTAL REVENUES

2019

\$735,000

2020

\$773,000



JOBS CREATED

2019

7.27

2020

4.08



Ivalu Ltd.

	2020	2019
Total Revenues	\$773,000	\$735,000
Total Expenses	\$748,150	\$650,300
Annual Surplus	\$24,850	\$84,700
Jobs Created or Maintained	4.08	7.27
NDC Capital Fund Contributions*	\$0	\$3,500

*(Capital Fund contributions are included in revenues)

Address

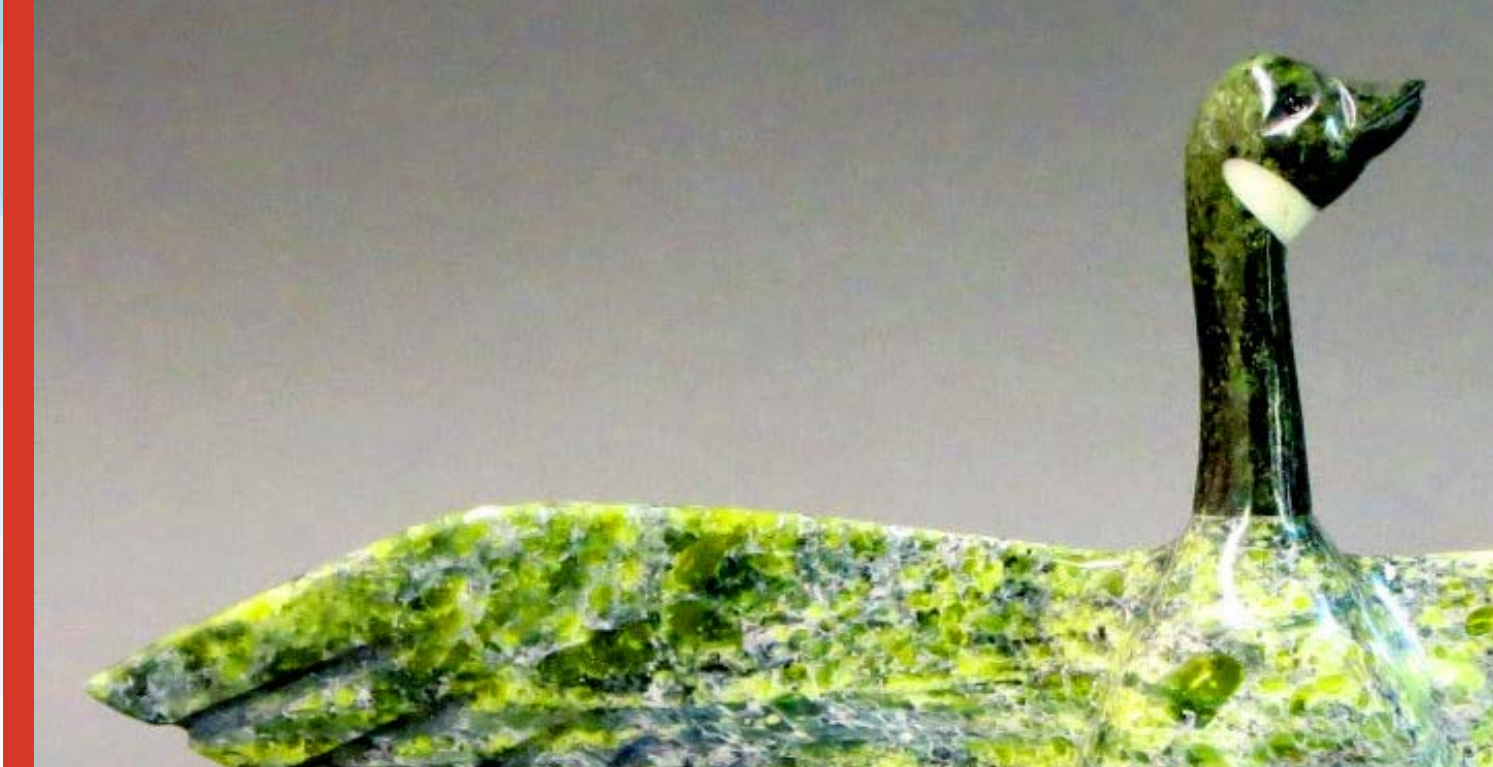
P.O. Box 599
Rankin Inlet, NU
X0C 0G0

General Manager

Sandra Nuviyak
Tel : 867-645-3400
Fax : 867-645-2115
ivalu@ndcorp.nu.ca

Board of Directors

Goretti Kakuktinniq
Brian Zawadski
Tommy Bruce



AT THE CENTRE OF IT ALL

The Jessie Oonark Centre does more than showcase arts and crafts

The main showroom sells everything from Nunavut-made arts and clothing to Arctic foods like caribou, muskoxen, and fish. Over the course of the year, it hosts community events, along with artist workshops and consignment sales from local artists. It's also become a thriving hub of activity for local businesses and civic-minded organizations.

In short, Baker Lake's Jessie Oonark Centre is constantly evolving—and it's always busy. That's part of making the centre a kind of mini-mall, says manager David Ford, so residents can find and do more than one thing when they drop in. Two full-time seamstresses employed with the centre do repairs on work clothing like personal property equipment for Agnico Eagle, which operates the Meadowbank and Amaruk mines north of Baker Lake. (The centre collaborated with the Agnico Eagle last year, spending a full weekend at the mining camp to sell art work and also

source soapstone for local artists.) The centre also rents out office space to Nunavut Elections and the Pulaarvik Kablu Friendship Centre, as well as local artist Martha Noah, who creates jewellery sold in the centre's showroom.

When COVID-19 struck and the centre had to close its doors March 31, staff were still paid, while the centre purchased works from local artists to support them through the tough times. Ford says Baker Lake residents could also make appointments to drop in and buy materials, since many locals use it to make clothing or to create art that provides them with an income.



TOTAL REVENUES

2019

\$434,300

2020

\$362,900



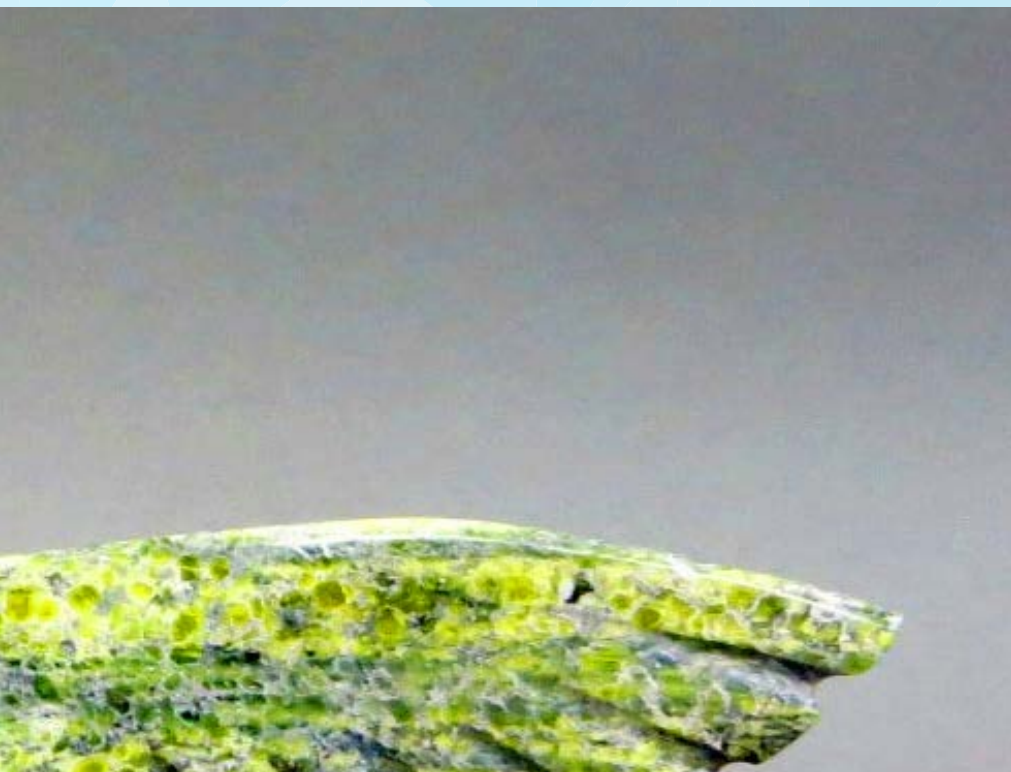
JOBS CREATED

2019

5.76

2020

6.75



Jessie Oonark Ltd.

	2020	2019
Total Revenues	\$362,900	\$434,300
Total Expenses	\$380,100	\$437,400
Annual Surplus / (Deficit)	\$(17,200)	\$(3,100)
Jobs Created or Maintained	6.75	5.76
NDC Subsidy Fund Contributions*	\$165,000	\$165,000
NDC Capital Fund Contributions*	\$5,000	\$24,500

*(Subsidy and Capital Fund contributions are included in revenues)

Address

P.O. Box 280
Baker Lake, NU
X0C 0A0

General Manager

David Ford
Tel: 867-793-2428
Fax: 867-793-2429
jessie_ndc@qiniq.com

Board of Directors

Bernadette Tutanuak
Hugh Tulurialik - Chairperson
Sarah Arhniq
Nathan Annanuat
Elizabeth Aupaluktuq



LOOK GOOD, FEEL GOOD, PLAY GOOD

Pangnirtung artists cap off Team Nunavut's uniform

Nunavut always stands out at the Arctic Winter Games: our athletes are consistently recognized for demonstrating hard work, sportsmanship and maintaining a positive attitude throughout competitions, while they are also decked out in the bold and vibrant yellow and red of Nunavut's flag.

For the 2020 Arctic Winter Games in Whitehorse, Pangnirtung artists at the Uqqurmiut Centre for Arts and Crafts and Kiluk in Arviat were tasked with capping off Team Nunavut's uniforms by creating yellow, red and blue Pang hats. In total, 20 workers crocheted 127 of the famed woolen hats over the fall and early winter for athletes.

When the 2020 Arctic Winter Games were cancelled due to the COVID-19 pandemic, artists at the Uqqurmiut Centre adapted to the new reality and got right back to work, this time making protective masks for Nunavummiut.

“

When the 2020 Arctic Winter Games were cancelled due to the COVID-19 pandemic, artists at the Uqqurmiut Centre adapted to the new reality and got right back to work, this time making protective masks for Nunavummiut.



TOTAL REVENUES

2019

\$412,300

2020

\$408,540



JOBS CREATED

2019

4.23

2020

4.28



Kiluk Ltd.

	2020	2019
Total Revenues	\$ 408,540	\$412,300
Total Expenses	\$399,410	\$414,300
Annual Surplus / (Deficit)	9,130	\$(2,000)
Jobs Created or Maintained	4.28	4.23
NDC Subsidy Fund Contributions*	\$140,000	\$140,000
NDC Capital Fund Contributions*	\$17,800	\$13,000

*(Subsidy and Capital Fund contributions are included in revenues)

Address

P.O. Box 366
Arviat, NU
X0C 0E0

General Manager

Sherlyn Kadjuk
Tel: 867-857-2713
Fax: 867-857-2714
Kiluk_ltd@qiniq.com

Board of Directors

Hattie Alagalak
Eva Arnalukjuaq
Goretti Kakuktinniq
Cecile Gibbons
Jackie King

KITIKMEOT FOODS LTD.



A STABILIZING PRESENCE

It was another big year for Cambridge Bay's Kitikmeot Foods Limited.

In all, the company's hard-working fishers brought in 87,966 pounds of locally sourced Arctic char. This catch, processed by Kitikmeot Foods' dedicated staff in Cambridge Bay, provided the business with the product necessary to meet its annual targets and maintain sales levels, according to general manager Stéphane Lacasse.

Kitikmeot Foods is an important employer in Cambridge Bay with a commitment to ensure the sustainable harvest of unique and high-quality Northern fish products from the Kitikmeot Region of Nunavut. Arctic char caught by seasonally employed fishers is processed and sold as a frozen whole or as specialty value-added products

like fillets, candied char and jerky to customers across Nunavut and the Northwest Territories. Kitikmeot Foods Ltd. has also developed important partnerships with commercial customers across Canada and into the United States, including a longstanding supply partnership with CleanFish—a San Francisco-based importer and wholesaler of sustainable seafood products.

Revenues generated by Kitikmeot Foods stay in Cambridge Bay through employee wages and also by sourcing goods locally or contracting residents for capital upgrades and renovations. This year, the company purchased a new outboard motor and supplies to support seasonal fishers. New cutting boards for the meat plant were also procured, as a requirement of the Canadian Food Inspection Agency, allowing Kitikmeot Foods to remain a strong, stabilizing presence in Cambridge Bay and a pillar of its economy.



TOTAL REVENUES

2019

\$1.10M

2020

\$1.14M



JOBS CREATED

2019

9.35

2020

10.22



Kitikmeot Foods Ltd.

	2020	2019
Total Revenues	\$1.14 million	\$1.10 million
Total Expenses	\$1.01 million	\$1.04 million
Annual Surplus	\$130,000	\$60,000
Jobs Created or Maintained	10.22	9.35
NDC Subsidy Fund Contributions*	\$330,000	\$330,000
NDC Capital Fund Contributions*	\$33,100	\$28,500

*(Subsidy and Capital Fund contributions are included in revenues)

Address

Box 2268
Cambridge Bay, NU
X0B 0C0

General Manager

Stephen Lacasse
Tel: 867-983-2881
kitikmeot@qiniq.com

Board of Directors

Bill Lyall
Jim MacEachern
Wilf Wilcox
Brian Zawadski
Kyle Tattuinee
Jamie Maghagak

KIVALLIQ ARCTIC FOODS LTD.



COUNTRY FOOD FOR ALL

Kivalliq Arctic Foods may be based in Rankin Inlet, but it's an important supplier of much sought-after country food delicacies to the rest of Nunavut.

This year, the company purchased 700 caribou from its network of regional harvesters. Meat cutters and processors at Kivalliq Arctic Foods, equipped with a brand-new bandsaw at the plant, produced an array of cuts for customers, as well as traditional *mikku*—or traditional dried caribou. Harvesters also provided 30 muskoxen, which were made available in a range of fresh, quality cuts to residents all over the Kivalliq and the territory of Nunavut.

Fishers brought in more than 1,500 pounds of Arctic char from the region, which Kivalliq Arctic Foods sold as whole frozen fillets, char cubes, delicious cold-smoked or hot-smoked char and as *pipsi*—the traditional dried char favourite.

Demand remained strong for Country Food Paks, which include a combination pack of the businesses' food products.

Kivalliq Arctic Foods ships these packs directly to customers in all Nunavut communities, while also selling items at Ivalu in Rankin Inlet and other retail locations, giving Nunavummiut access to country foods no matter where they live.

“

Demand remained strong for Country Food Paks, which include a combination pack of the businesses' food products.



TOTAL REVENUES

2019

\$1.17M

2020

\$1.35M



JOBS CREATED

2019

11.94

2020

15.77



Kivalliq Arctic Foods Ltd.

	2020	2019
Total Revenues	\$1.35 million	\$1.17 million
Total Expenses	\$1.05 million	\$1.04 million
Annual Surplus	\$300,000	\$130,000
Jobs Created or Maintained	15.77	11.94
NDC Subsidy Fund Contributions*	\$260,000	\$260,000
NDC Capital Fund Contributions*	\$77,800	\$14,000

*(Subsidy and Capital Fund contributions are included in revenues)

Address

Box 329
Rankin Inlet, NU
X0C 0G0

General Manager

Scott Sadler
Tel: 867-645-3137
tundra@qiniq.com

Board of Directors

Brian Zawadski
Chris Rudd
Kyle Tattuiee
Tommy Bruce



A WHALE OF A HAUL

Papirug Fisheries got a facelift this year, with a fresh coat of paint for both the inside and outside of the Whale Cove seafood processing facility.

The plant is open on a seasonal basis from late July to the end of August each year and provides economic opportunities to local residents, who sell Arctic char and *maktaaq* that is processed into coveted retail food products.

The plant was busy this year as the harvest proved bountiful. Local fishers were able to catch 6,000 pounds of Arctic char and bring in an impressive harvest of 15 beluga whales. Beluga *maktaaq* is in great demand in Nunavut's communities, so Papirug Fisheries sends some of the delicacy to Kivalliq Arctic Foods to include in its popular Country Food Paks.

Unfortunately, the Iqalukpik Fish Plant in Chesterfield Inlet was not as successful this year. Local harvesters were not able to get a beluga and fishers brought in 1,000 pounds of Arctic char, which was a lower volume than anticipated.

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Local fishers were able to catch 6,000 pounds of Arctic char and bring in an impressive harvest of 15 beluga whales.



TOTAL REVENUES

2019

\$1,900

2020

■



Papirug Fisheries Ltd.

	2020	2019
Total Revenues	-	\$1,900
Total Expenses	\$11,800	\$11,800
Annual Deficit	\$(11,800)	\$(9,900)
NDC Capital Fund Contributions*	\$0	\$1,900

*(Capital Fund contributions are included in revenues)

Address

Box 249
Rankin Inlet, NU
X0C 0G0

General Manager

Tel: 867-645-3170
tundra@qiniq.com

Board of Directors

Tommy Bruce



TEACHING THE FINE ARTS

Taluq Designs trains locals to make its popular Packing Dolls

Taluq Designs in Taloyoak hosted a Packing Doll/Embroidery workshop this past year, with the goal of teaching locals how to make one of the most coveted souvenirs from the Kitikmeot region. Organized by manager Mona Igutsaq, the workshop trained local seamstresses on the finer points of sewing Taluq's famed packing dolls, which feature iconic Arctic animals carrying their young in amautii. The workshop builds on past training courses, including an intensive eight-week sewing course in 2018, designed to provide future economic opportunities to residents in the Kitikmeot community of 1,030.

“

The workshop builds on past training courses, including an intensive eight-week sewing course in 2018, designed to provide future economic opportunities to residents in the Kitikmeot community of 1,030.



TOTAL REVENUES

2019

\$185,500

2020

\$194,000



JOBS CREATED

2019

2.61

2020

1.96

Taluq Designs Ltd.

	2020	2019
Total Revenues	\$194,000	\$185,500
Total Expenses	\$187,050	\$192,800
Annual Surplus	\$6,950	\$(7,300)
Jobs Created or Maintained	1.96	2.61
NDC Subsidy Fund Contributions*	\$70,000	\$70,000
NDC Capital Fund Contributions*	\$14,000	-

*(Subsidy and Capital Fund contributions are included in revenues)

Address

P.O. Box 174
Taloyoak, NU
X0B 1B0

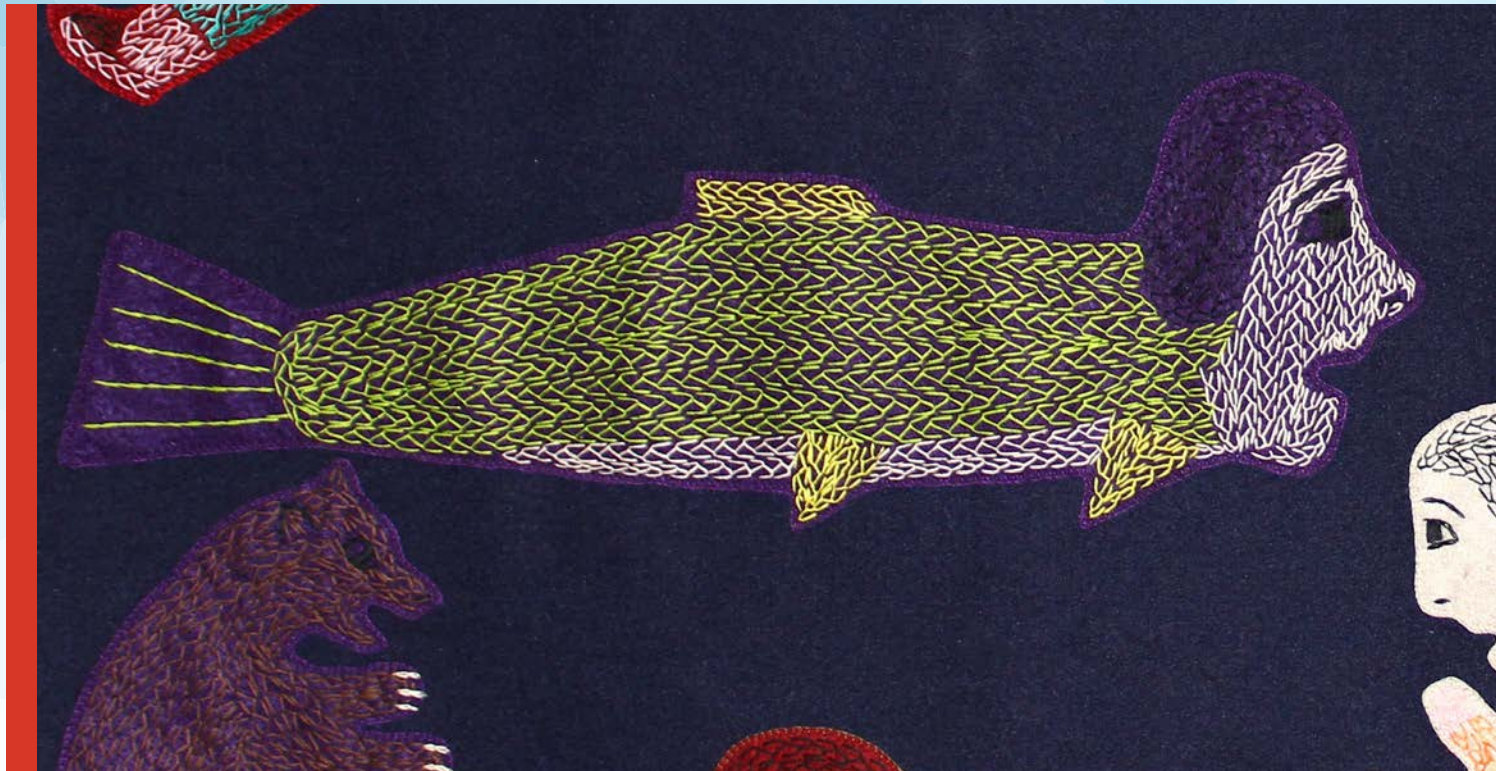
General Manager

Mona Igutsaq
Tel : 867-561-5280
Fax : 867-561-6500
tdesigns@qiniq.com

Board of Directors

Goretti Kakuktinniq
Elizabeth Aiyout
Anayok Alookey
Brian Zawadski
Gina Pizzo
Viola Neeveeachek

UQQURMIUT ARTS & CRAFTS LTD.



MAKING LOCAL INVESTMENTS

NDC and RBC bring new banking services to Pangnirtung

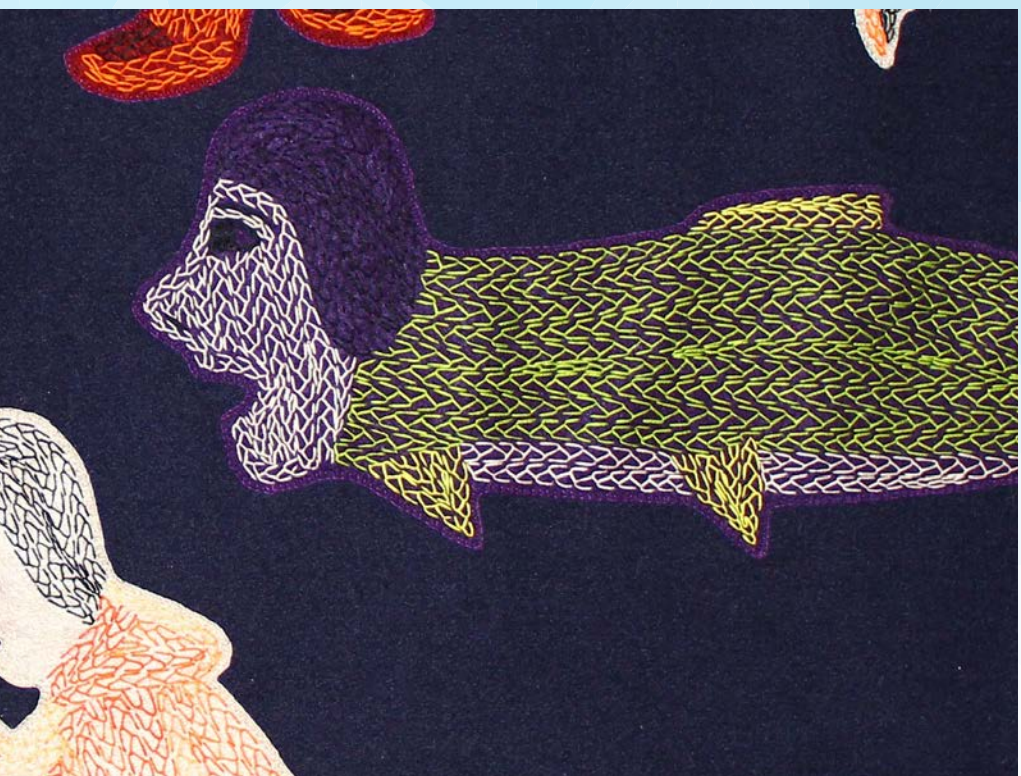
Banking just got a little bit easier in Pangnirtung, thanks to a partnership between RBC and the Nunavut Development Corporation.

In October, Uqqurmiut Centre for Arts and Crafts treasurer and secretary Geetee Maniapik cut a woven yellow-and-blue ribbon to officially open RBC's new banking outlet in the centre. At this staffed service outlet, Pangnirtung residents can cash cheques, pay bills and withdraw and deposit cash. The local banking window also lets residents open a bank account with RBC, get a new bank card, apply for loans and receive financial advice in their own community, instead of having to fly all the way to the RBC branch in Iqaluit to do so.

Thanks to NDC, RBC, along with the guarantee of a \$100,000 revolving line of credit from Nunavut's Financial Management Board to support the outlet, Pangnirtung residents now have more banking options, giving them an opportunity to take full advantage of digital online banking services with RBC after opening an account.

“

Pangnirtung residents now have more banking options, giving them an opportunity to take full advantage of digital online banking services with RBC after opening an account.



TOTAL REVENUES

2019

\$899,200

2020

\$869,400



JOBS CREATED

2019

15.08

2020

14.58

Uqqurmiut Arts & Crafts Ltd.

	2020	2019
Total Revenues	\$869,400	\$899,200
Total Expenses	\$847,600	\$849,100
Annual Surplus	\$21,800	\$50,100
Jobs Created or Maintained	14.58	15.08
NDC Subsidy Fund Contributions*	\$238,000	\$238,000
NDC Capital Fund Contributions*	\$16,500	-

*(Subsidy and Capital Fund contributions are included in revenues)

Address

P.O. Box 453
Pangnirtung, NU
X0A 0R0

General Manager

Elena Akpalialuk
Tel: 867-473-8669
Fax: 867-473-8634
inuitart@qiniq.com

Board of Directors

Jacopie Maniapik
Towkie Karpik
Geetee Maniapik
Manasie Noah
Brian Zawadski
Johneelee Nakashook
Jaco Newkingak
Jimmy Uniukshagak

CONTRACT, PROCUREMENT AND LEASING ACTIVITY **REPORTING**

2019-20 Contracting Activity Report

COMMUNITY	VENDOR	PROJECT	AWARD METHOD	2019-20 VALUE	2018-19 VALUE	INUIT FIRM STATUS	NUNAVUT BUSINESS STATUS
Rankin Inlet	Dean Food Safety Systems	Food Safety Consulting HACCP / QMP	SS	\$60,000	\$59,223	-	-
Rankin Inlet	Gowling Lafleur Henderson	Legal Counsel	PRFP	\$13,295	\$14,993	-	-
Rankin Inlet	R&T Cleaning Enterprises	Janitorial	PRFP	\$12,600	\$12,862	-	•
Iqaluit	Outcrop Nunavut	Communications	SOA	\$63,312	\$69,862	-	•
Rankin Inlet	Lester Landau Chartered Accountants	Subsidiary Audit	SOA	\$44,450	\$44,615	-	•
Total				\$193,657	\$201,555		

2019-20 Leasing Activity Report

COMMUNITY	VENDOR	PROJECT	AWARD METHOD	START DATE	EXPIRY DATE	RENEWAL OPTIONS	2019-20 VALUE	2018-19 VALUE	INUIT FIRM STATUS	NUNAVUT BUSINESS STATUS
Mississauga	GWL Reality	Warehouse Lease	SS	2017-01-08	2022-07-31	nil	\$88,392	\$89,381	-	-
Total							\$88,392	\$89,381		

PRFP Public Request for Proposal

SOA Standing Offer Agreement

SS Sole Source

CONSOLIDATED **FINANCIAL STATEMENTS**
OF NUNAVUT DEVELOPMENT CORPORATION
FOR THE YEAR ENDED **MARCH 31, 2020**



NDC CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Nunavut Development Corporation, for the year ended March 31, 2020, and all information contained in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors. The consolidated financial statements include some amounts, such as the allowance for doubtful accounts receivable, employee future benefits and the valuation of inventories, which are based on management's best estimates and judgment.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.

In discharging their responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, proper records are maintained and the Corporation conducts its affairs in accordance with the requirements of applicable laws. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of reliable financial information and adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through the Executive Committee, which is comprised of Directors who are not employees of the Corporation. The Executive Committee meets with management and the external auditors, who have full and free access to the Executive Committee.

The Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing its report thereon.



Goretta Kakuktinnig
Interim President



Balaji Ramamani, CF, CMA, CPA, FIPA (Aus);
CGAP, CFSA, CIA, CMA, CRMA (USA), FCMA;
FCA (In), FAIA, MCSI (UK), MBA
Chief Financial Officer

Rankin Inlet, Canada
November 24, 2020



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Nunavut Development Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Nunavut Development Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Nunavut Development Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Nunavut Development Corporation Act* and regulations, and the by-laws of the Nunavut Development Corporation.

In our opinion, the transactions of the Nunavut Development Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Nunavut Development Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Nunavut Development Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Nunavut Development Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read 'F. Awada', with a stylized, cursive script.

Firyal Awada, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
24 November 2020

Nunavut Development Corporation
Consolidated Statement of Financial Position
As at March 31

	2020	2019
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 7,380,449	\$ 6,766,856
Accounts receivable (Note 4)	654,317	885,567
Inventories for resale (Note 5(a))	2,209,302	2,642,511
Portfolio investments (Note 6)	1,369,500	1,576,500
Total Financial Assets	\$ 11,613,568	\$ 11,871,434
Liabilities		
RBC Agency Loan	\$ 65,678	\$ -
Accounts payable and accrued liabilities (Note 7)	583,138	634,666
Employee future benefit liabilities (Note 8)	118,493	229,672
Deferred Revenue	12,711	-
Total Liabilities	\$ 780,020	\$ 864,338
Net Financial Assets	\$ 10,833,548	\$ 11,007,096
Non-Financial Assets		
Tangible capital assets (TCA - Schedule A)	\$ 969,822	\$ 986,067
Inventories for use (Note 5(b))	1,113,258	952,870
Prepaid expenses	27,632	27,005
Total Non-Financial Assets	\$ 2,110,712	\$ 1,965,942
Accumulated Surplus	\$ 12,944,260	\$ 12,973,038

Contractual obligations (Note 11)
Contractual rights (Note 12)

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

Approved on behalf of the Board



Donald Haviyak
Chairperson of the Board of Directors

Nunavut Development Corporation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31

	2020 Budget	2020 Actual	2019 Actual
Revenues			
Sales (Schedule B)	\$ 3,496,400	\$ 3,779,867	\$ 3,728,916
Interest and other income	291,000	310,289	344,565
Preference dividend on venture investment	97,215	97,896	103,663
Total revenues	\$ 3,884,615	\$ 4,188,052	\$ 4,177,144
Expenses			
Cost of goods sold (COGS - Schedule C)	\$ 3,385,045	\$ 4,146,586	\$ 3,634,303
Selling and administration (SG&A - Schedule D)	3,419,130	3,359,049	3,228,714
Provision for Venture investment loss (Note 6-f)	-	375,000	-
Total expenses	\$ 6,804,175	\$ 7,880,635	\$ 6,863,017
Deficit before Government contributions	(2,919,560)	(3,692,583)	(2,685,873)
Government contributions (Note 9)	\$ 3,540,303	\$ 3,663,805	\$ 3,596,503
Surplus (Deficit) for the year	620,743	(28,778)	910,630
Accumulated surplus, beginning of the year	13,593,781	12,944,260	12,973,038
Accumulated surplus, end of the year	\$ 13,593,781	\$ 12,944,260	\$ 12,973,038

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

Nunavut Development Corporation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31

	2020 Budget	2020 Actual	2019 Actual
Surplus (Deficit) for the year	\$ 620,743	\$ (28,778)	\$ 910,630
Tangible capital assets (Schedule A)			
Additions	\$ (230,000)	\$ (166,861)	\$ (109,326)
Amortization	120,500	183,106	157,074
	\$ (109,500)	\$ 16,245	\$ 47,748
Additions of inventories for use	\$ -	\$ (586,769)	\$ (406,358)
Consumption of inventories for use	-	426,381	536,022
Change due to prepaid expenses	-	(627)	(3,578)
	\$ -	\$ (161,015)	\$ 126,086
Change in net financial assets for the year	\$ 511,243	\$ (173,548)	\$ 1,084,464
Net financial assets, beginning of the year	11,007,096	11,007,096	9,922,632
Net financial assets, end of the year	\$ 11,518,339	\$ 10,833,548	\$ 11,007,096

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

Nunavut Development Corporation
Consolidated Statement of Cash Flow
For the year ended March 31

		2020	2019
Cash provided by (used for) operating activities			
Received from customers	\$	3,763,369	\$ 3,615,950
Received through contributions from the Government of Nunavut		3,551,771	3,566,365
Received through other Contributions		76,083	82,853
Dividends received		91,521	102,090
Interest received		117,949	98,642
Paid to suppliers		(2,924,151)	(2,774,075)
Paid to employees		(2,659,762)	(2,474,244)
Cash lost in RBC Agency (Note 10-b)			
- Transit from Pangnirtung to Iqaluit	\$ 20,000		
- At the Teller's office in Pangnirtung	5,530	(25,530)	-
Other operations and project payments		(1,121,140)	(1,095,626)
Cash provided by operating activities		870,110	1,121,955
Cash provided by financing activities			
Loan from RBC for Agency operations		65,678	-
Contribution from RBC for setting up Agency		7,500	-
Cash provided by financing activities		73,178	-
Cash provided by (used for) investing activities			
Venture equity investment		(143,045)	-
Investment in Guaranteed Investment Certificates		(100,000)	-
Endowment from Estate of Houston Gwynne Jones		12,711	-
Redemption of venture equity investment		75,000	75,000
Cash provided by (used for) investing activities	\$	(155,334)	\$ 75,000

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

Nunavut Development Corporation
Consolidated Statement of Cash Flow
For the year ended March 31

	2020	2019
Cash provided by (used for) capital activities		
Tangible capital asset acquisitions	\$ (166,861)	\$ (109,326)
Expenses for setting up RBC Agency	(7,500)	-
Cash used for capital activities	(174,361)	(109,326)
Increase in cash and cash equivalents	613,593	1,087,629
Cash and cash equivalents - beginning of the year	6,766,856	5,679,227
Cash and cash equivalents - end of the year	\$ 7,380,449	\$ 6,766,856

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

Nunavut Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

1. Authority and operations

a) Authority

The Nunavut Development Corporation (the Corporation or NDC) is a Territorial corporation of the Government of Nunavut (the Government) named in Schedule B of the *Financial Administration Act* of Nunavut (FAA) and, accordingly, operates in accordance with Part IX of the FAA, the *Nunavut Development Corporation Act* (the Act) and the *Business Corporations Act* of Nunavut.

The Corporation and its subsidiaries are exempt from the payment of any municipal, territorial and federal income taxes pursuant to Section 27 of the Act and Section 149 of the *Income Tax Act (Canada)*.

b) Operations

The Corporation directly invests in or operates business enterprises in accordance with the economic objectives of the Government through equity investments, loans and subsidies. These economic objectives are to create employment and income opportunities for residents of Nunavut, primarily in small communities, to stimulate growth of businesses in Nunavut and to promote economic diversification and stability. It is the intention of the Corporation to divest itself of its subsidiary investments once the subsidiary has attained a sustainable level of profitability. The Corporation also sells goods, mainly arts and crafts, procured from its subsidiaries and artists from communities in Nunavut, through its Sales division.

In accordance with Sections 16 and 17 of the Act, the Corporation has established accounts called Capital Reserve Fund, Venture Reserve Fund, Subsidy Fund, Capital Fund, and Venture Investment Fund. These funds are recorded within cash and cash equivalents within the Statement of Financial Position. The Corporation is also required to deposit to the reserve funds an amount equal to 10% of each capital or venture investment made. The Corporation may defer the 10% allocation to cover approved project expenditures or use the reserve funds for further investment or financing for its subsidiaries and venture investments through approved drawdowns.

In accordance with Sections 21, 22, 23 and 24 of the Act, the Corporation has also developed guidelines for investments and divestments from the Subsidy Fund, Capital Fund and Venture Investment Fund and for the amalgamation and wind-up of subsidiary investments. The current Investment Policies and Guidelines and the Guidelines for the Sale of Shares or Other Interests were approved by the Board of Directors on June 24th, 2010. As per section 22 of the Act, the Guidelines for the Sale of Shares or Other Interests were approved by the Government's Financial Management Board on November 25th, 2010.

c) Government contributions

In accordance with Section 25 of the Act, the Corporation shall annually submit a corporate plan, operating budget and capital plan identifying the contributions requested for approval by the Government's Financial Management Board prior to the commencement of the fiscal year. The Corporation receives contributions from the Government of Nunavut as set out in its Main Estimates, which are adjusted by supplementary appropriations. The contributions are allocated internally for the purposes of acquiring capital and venture investments, providing operating subsidies to subsidiaries based on need, financing head office and sales operations, providing project contributions to approved incorporated investments, paying business development expenses and purchasing capital assets for the Corporation.

The Corporation and its subsidiaries are economically dependent upon the contributions received from the Government for their ongoing operations.

d) Budget

Consolidated budget figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Government of Nunavut and the Board of Directors.

2. Significant accounting policies

a) Basis of accounting

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

b) Principles of consolidation

The consolidated financial statements include the financial assets, liabilities, non-financial assets, revenue, and expenses of the parent company, Nunavut Development Corporation, and its subsidiaries. The Corporation controls each of the eight subsidiaries listed below through a combination of ownership interests and other pertinent indicators. The financial assets, liabilities, non-financial assets, revenue and expenses of each of the eight subsidiaries are fully consolidated on a line-by-line basis. All intercompany transactions and balances are eliminated.

The following chart lists the subsidiary investments comprising the consolidated corporate reporting entity by segment:

Subsidiary Investment	Location	Ownership %	Date Incorporated
Meat & Fish			
Kivalliq Arctic Foods Ltd.	Rankin Inlet	100%	October 2, 1992
Kitikmeot Foods Ltd.	Cambridge Bay	98%	April 9, 1992
Papiruaq Fisheries Ltd.	Whale Cove	51%	February 1, 1993
Arts & Crafts			
Ivalu Ltd.	Rankin Inlet	100%	October 2, 1992
Jessie Oonark Ltd.	Baker Lake	100%	September 25, 1991
Kiluk Ltd.	Arviat	100%	April 3, 1996
Taluq Designs Ltd.	Taloyoak	51%	April 12, 1995
Uqqurmiut Arts & Crafts (1993) Ltd.	Pangnirtung	51%	March 1, 1994

The non-controlling interests in Papiruaq Fisheries Ltd., Taluq Designs Ltd., and Uqqurmiut Arts & Crafts (1993) Ltd., have been reduced to nil by the losses on operations applicable to the non-controlling interests. The applicable losses on operations are limited to the non-controlling interests' share in the capital of the subsidiaries. The excess and any further losses otherwise applicable to the non-controlling interests are allocated only to the parent's interest. Subsequent earnings will be allocated entirely to the parent's interest until previously absorbed losses relating to the non-controlling interests are recovered. The total accumulated losses on operations for the non-controlling interests of the above-noted subsidiaries as at March 31, 2020 are \$690,600 (March 31, 2019 - \$698,924).

c) Use of estimates and measurement uncertainty

The preparation of these consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant areas requiring the use of management estimates are related to the useful life of the tangible capital assets, the allowance for valuation of accounts receivable, the allowance to reduce inventories for use and for resale to their estimated net realizable value, and provision for venture investment loss. Actual results could differ from the current estimates.

2. Significant accounting policies (cont'd)

d) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short term highly liquid deposits that are readily convertible to cash and usually with a maturity date of 180 days or less from the date of acquisition.

e) Accounts receivable

Accounts receivable are valued at the lower of cost or net recoverable value. Accounts receivable that are known to be uncollectible are written-off when identified and subject to compliance with section 82 of the FAA. Valuation allowances, if necessary, are recorded using the best estimates when there is no realistic prospect of recovery based on past events, current conditions, and all circumstances known at the date of these consolidated financial statements, including past events and current conditions.

f) Inventories

Inventories for resale include arts & crafts finished goods and meat & fish, valued at the lower of cost and estimated net realizable value, with cost being determined on a weighted average basis. The cost for one-of-a-kind items (such as carvings) has been assigned based on their actual input costs including labour, raw materials and overhead.

Inventories for use includes arts & crafts and meat & fish raw materials and work-in-process as well as packaging materials and supplies valued at the lower of cost and net realizable value, with the cost being determined on a weighted average basis.

g) Portfolio investments

Portfolio investments are investments in organizations that do not form part of the Corporation's consolidated financial reporting entity and are accounted for using the cost method. Such investments are normally in equity or debt instruments of the investee. Where there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss, which is included on the Statement of Operations and Accumulated Surplus. Dividend income is recognized as it is declared, and gains and losses on sales of portfolio investment are recognized when realized.

h) Tangible capital assets

Tangible capital assets are non-financial assets whose useful life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering the Corporation's services. Tangible capital assets are recorded at cost, unless contributed, in which case they are recorded at fair value, or a nominal amount if fair value is not determinable.

Tangible capital assets include Buildings, Leasehold improvements, Equipment, Automotive equipment, Office furniture and equipment and Computer equipment carried at cost less accumulated amortization. When placed into service, they are amortized on a straight-line basis over their estimated useful life, with the exception of leasehold improvements, which are amortized over the lesser of useful life of the asset or the lease term.

The following amortization rates are used:

Asset Category	Amortization Period
Buildings	10 - 20 years
Leasehold improvements	5 - 10 years
Equipment	5 years
Automotive equipment	5 years
Office furniture and equipment	5 - 10 years
Computer equipment	1 - 3 years

Tangible capital assets under construction or development are recorded as work in progress and are not amortized until the time the asset is placed into service. The cost of licenses is charged to expense in the year they are acquired.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than the net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

2. Significant accounting policies (cont'd)

i) Employee future benefit liabilities

Severance and removal costs

Employees of the Corporation are not employees of the public service as defined in the *Public Service Act*.

Under the terms and conditions of employment, some employees are entitled to severance benefits based on years of service. These benefits are paid upon resignation, retirement or death of the employee. The estimated liability and related expenses for these benefits are recorded as employees earn them and are based on management's assumptions and best estimates.

Termination benefits are recorded when the Corporation can no longer withdraw its termination offer.

The Corporation provides to its employees, financial assistance in moving themselves, their dependents and their household effects when they resign and retire and certifies their intent of moving from their community of employment back to their initial point of appointment. The expected cost is recognized in the period when the employee is removed from its community of employment when they resign or retire.

Registered retirement savings plan contributions

The Corporation makes contributions on behalf of its employees to registered retirement savings plans up to established limits. There is no obligation for employees to make contributions. These contributions represent the total obligation of the Corporation and are recognized in the Consolidated Statement of Operations and Accumulated Surplus as selling and administration expense, and included as a part salaries and benefits in Schedule D.

j) Government contributions

Government transfers are recognized as revenue when the funding is authorized and any eligibility criteria are met except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability, in which case they would be recognized as deferred revenue.

k) Revenues

Revenues are recognized and reported on an accrual basis in the period in which the transactions or events that give rise to the revenues have occurred, the amount of the transaction can be reliably measured, and collection is reasonably assured.

l) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, and accounts payable and accrued liabilities.

Financial instruments are identified by financial asset and financial liability classifications. The following is a list of the Corporation's financial instrument measurement bases as at March 31, 2020:

Financial Assets	Measurement Basis
Cash and cash equivalents	Cost
Accounts receivable	Cost
Portfolio investments	Cost
Financial Liabilities	Measurement Basis
RBC Agency Loan	Cost
Accounts payable and accrued liabilities	Cost

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations and Accumulated Surplus. An impairment that has been written-down or written-off is not reversed following a subsequent increase in value.

The carrying value of financial assets and financial liabilities approximate their fair value. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of items in the cost or amortized cost category when they are initially recognized.

2. Significant accounting policies (cont'd)

m) Related party transactions

Inter-entity transactions

The Corporation is related in terms of common ownership, to all Government of Nunavut created departments and Territorial corporations. The Corporation enters into transactions with these entities in the normal course of business, at normal trade terms. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The corporation receives insurance coverage at no cost from the Government of Nunavut and it is not recognized in these consolidated financial statements due to its insignificant amount.

Other related party transactions

Other related parties are key management personnel (President, CFO, Board of Directors, etc.), close family members of key management personnel, and entities that are controlled or significantly influenced by key management personnel or their close family members.

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount. These transactions with these related parties are in the normal course of business and are completed under normal trade terms.

n) Segmented information

NDC has two operating segments, Meat & Fish and Arts & Crafts. These segments consist of the subsidiaries whose primary operations relate most significantly to the category they have been placed in. For segmented disclosure reporting purposes, summary information has been provided in Schedules B, C and D using the categorization of subsidiaries in Note 2(b).

o) Change in accounting standards

The Public Sector Accounting Board (PSAB) deferred the application date of its new standards (i) *Asset retirement obligations* (PS 3280) applicable for fiscal years beginning on or after 1 April 2022, and (ii) *Revenue* (PS 3400) applicable for fiscal years beginning on or after 1 April 2023. The Corporation would assess the impact of these standards on its financial statements, as the new standards may require the management to collect information for its 2023 financial statements as well as its comparative year, 2022.

3. Cash and cash equivalents

	Mar 31, 2020	Mar 31, 2019
Cash held by:		
Parent company	\$5,847,431	\$5,531,115
Subsidiaries	1,533,018	1,135,741
Short-term deposits	-	100,000
	<u>\$7,380,449</u>	<u>\$6,766,856</u>

The cash held by the parent company is pooled with the Government's surplus cash. The cash can be withdrawn at any time and is not restricted by the maturity dates of investments made by the Government. Cash from the parent company's operating and fund bank accounts accumulates interest at rates ranging from 0.80% to 2.30% (2019 - 1.25% to 1.75%) per annum on the daily average of the daily closing credit balances. Net investment income of \$97,896 (2019 - \$101,977) is included in Interest and other income.

Included in cash held by the parent company are fund and reserve balances designated as follows:

	Mar 31, 2020	Mar 31, 2019
Capital fund	\$1,138,221	\$1,154,141
Capital reserve fund	521,040	498,685
Subsidy fund	189,000	189,000
Venture investment fund	2,641,539	2,354,817
Venture reserve fund	152,950	146,150
Total fund balances	<u>\$4,642,750</u>	<u>\$4,342,793</u>

4. Accounts receivable

	Mar 31, 2020	Mar 31, 2019
Related parties		
Government of Nunavut Departments	\$139,072	\$102,781
Non-controlling interests	<u>22,051</u>	<u>9,501</u>
	\$161,123	\$112,282
Third parties	<u>947,681</u>	<u>989,736</u>
Total Accounts Receivable	\$1,108,804	\$1,102,018
Less: Valuation Allowance (Note 10)	<u>(454,487)</u>	<u>(216,451)</u>
Net accounts receivable	<u>\$654,317</u>	<u>\$885,567</u>

During the year, \$412,441 (2019 - \$191,092) of the valuation allowance relates to accounts receivable with third parties. During the year, \$71,425 (2019 - \$7,275) was written-off, requiring disclosure per the *Financial Administration Act* of Nunavut. On January 16, 2020, the write-off of \$71,425 was approved by the Financial Management Board of the Government of Nunavut.

5. Inventories

a) For resale

	Mar 31, 2020	Mar 31, 2019
Arts & Crafts	\$2,140,476	\$2,560,972
Meat & Fish	<u>68,826</u>	<u>81,539</u>
Total inventories for resale	<u>\$2,209,302</u>	<u>\$2,642,511</u>

During the year, the Corporation has recorded an inventory valuation allowance for use and for resale to their estimated net realizable value for slow and non-moving inventory of \$465,000 (2019- \$0)

During the year, inventories of \$17,588 (2019 - \$19,562) were written-off or marked-down, requiring disclosure per the *Financial Administration Act* of Nunavut.

b) For use

	Mar 31, 2020	Mar 31, 2019
Raw materials and work-in-process		
Arts & Crafts	\$121,767	\$83,880
Meat & Fish	<u>841,082</u>	<u>770,815</u>
	<u>\$962,849</u>	<u>\$854,695</u>
Packaging supplies		
Arts & Crafts	\$48,234	\$17,800
Meat & Fish	<u>102,175</u>	<u>80,375</u>
	<u>\$150,409</u>	<u>\$98,175</u>
Total inventories for use	<u>\$1,113,258</u>	<u>\$952,870</u>

6. Portfolio investments

	Mar 31, 2020	Mar 31, 2019
Preferred Shares Investment in -		
(a) Arctic UAV Inc	\$443,000	\$300,000
(b) Tukumaaq Suites Inc	325,000	400,000
(c) Arctic Fisheries Alliance Limited Partnership	250,000	250,000
(d) NunaVet Animal Hospital Inc.	126,500	126,500
(e) CHOU Consulting and Development Inc.	125,000	125,000
(f) Sudliq Developments Ltd.	<u>375,000</u>	<u>375,000</u>
	1,644,500	1,576,500
(g) Non-redeemable GICs	<u>100,000</u>	-
Provision for Venture investment loss	<u>(375 000)</u>	-
	<u>\$1,369,500</u>	<u>\$1,576,500</u>

(a) Arctic UAV Inc. (UAV)

In March 2020, the Corporation purchased an additional 143,000 Class C Preferred non-voting shares of UAV. The Corporation is also a registered holder of 300,000 Class A non-voting preferred shares in UAV. The rights of both, Class A and Class C shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement. The Corporation is entitled to receive a fixed cumulative preferential distribution of 6.0% per annum, which shall accrue daily, compound annually and be payable in arrears by UAV to the Corporation annually. Class A shares are redeemable in March 2022 at face value. Class C shares are redeemable in March 2025 at face value.

6. Portfolio investments (cont'd)

(b) Tukumaaq Suites Inc. (TSI)

In March 2020, TSI (Clyde River) bought back (redeemed) \$75,000 of their preferred shares, out of \$400,000 preferred shares held by the Corporation. The Corporation is a registered holder of remaining 325 Class A non-voting preferred shares in TSI. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement. The Corporation is entitled to receive a fixed cumulative preferential distribution of 6.5% per annum, which shall accrue daily, compound annually and be payable in arrears by TSI to the Corporation annually. The shares are redeemable in March 2024 at face value.

(c) Arctic Fisheries Alliance Limited Partnership (AFL)

The Corporation is a registered holder of 250 Class D Preferred Limited Partnership Units in AFL. The rights of a holder of these Units are governed by a Partnership Agreement between Masiliit Corporation as general partner and the limited partners. The Corporation is entitled to receive a fixed cumulative preferential distribution of 6.25% per annum, which shall accrue daily, compound annually and be payable in arrears by the Partnership to the Corporation on the last business day of each month. The shares which were redeemable in March 2020 at face value, had not been redeemed as at 31 March 2020.

(d) NunaVet Animal Hospital Inc. (NAHI)

The Corporation is also a registered holder of 126,500 Class A first preference shares in NAHI. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement. The Corporation is entitled to receive a fixed, annual, cumulative preferential distribution of 6.0% per annum. 115,000 shares are redeemable in March 2021, and 11,500 shares are redeemable in March 2022 at face value.

(e) CHOU Consulting and Development Inc. (CHOU)

The Corporation is also a registered holder of 125,000 Class A first preference shares in CHOU. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement. The Corporation is entitled to receive a fixed, annual, cumulative preferential distribution of 6.0% per annum. The shares are redeemable in March 2022 at face value.

(f) Sudliq Developments Ltd. (SDL)

The Corporation is also a registered holder of 375,000 Class E first preference shares in SDL. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement. The Corporation is entitled to receive a fixed, annual, cumulative preferential distribution of 6.0% per annum. The shares were redeemable in March 2020 at face value. In May 2019, the investment was extended through December 2024.

During the year, the Corporation determined that there was a loss in value of the portfolio investment that is other than a temporary decline. Consequently, the Corporation recorded a provision for venture investment loss of \$375,000 (2019 - \$0).

(g) Non-redeemable GICs

As at March 31, 2020, Kivalliq Arctic Foods Ltd has a term deposit over 90 days consisting of fixed rate non-redeemable Guaranteed Investment Certificates (GICs) of \$100,000 bearing 0.20% interest rate per annum and maturing in July 2020.

7. Accounts payable and accrued liabilities

	Mar 31, 2020	Mar 31, 2019
Related parties - Government of Nunavut		
Territorial corporations	\$29,672	\$64,048
Petroleum Products Division	77,582	62,355
Departments	19,210	16,699
Related parties – Non-controlling interests	<u>25,931</u>	<u>25,781</u>
	152,395	168,883
Accounts payable and accrued liabilities to third parties	272,949	270,946
Vacation pay and lieu time	<u>157,794</u>	<u>194,837</u>
Total accounts payable and accrued liabilities	<u>\$583,138</u>	<u>\$634,666</u>

All amounts above are non-interest bearing and have normal payment terms.

8. Employee future benefit liabilities

The Corporation provides severance benefits to its eligible employees. Under the terms and conditions of employment, most employees with more than one year of continuous service and have reached the age of 55 are eligible to earn severance based on years of service and salary upon resignation, retirement or death. The maximum entitlements for employees are between 30 to 72 weeks of salary depending on the eligible employee. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefits obligation.

The liability for these benefits is as follows:

	Mar 31, 2020	Mar 31, 2019
Employee future benefit liabilities, beginning of year	\$229,672	\$197,760
Cost for the year	18,273	31,912
Paid during the year	<u>(129,452)</u>	<u>-</u>
Employee future benefits, end of year	<u>\$118,493</u>	<u>\$229,672</u>

9. Government contributions

	Mar 31, 2020	Mar 31, 2019
Subsidy payments from Government of Nunavut		
Operating purposes	\$2,858,000	\$2,858,000
Capital purposes	230,000	230,000
Venture equity	<u>270,000</u>	<u>270,000</u>
	<u>\$3,358,000</u>	<u>\$3,358,000</u>
Other contributions from Government of Nunavut		
Other direct contributions to subsidiaries	<u>305,805</u>	<u>238,503</u>
	<u>\$3,663,805</u>	<u>\$3,596,503</u>

On January 16, 2020, the Financial Management Board of the Government of Nunavut approved the Nunavut Development Corporation's request to release capital subsidy of \$10,000 towards general maintenance work at Papiruk Fisheries in Whale Cove, vid Record of Decision # FMB-19-16-8(b).

10. Financial instruments

Risk management

Management of the Corporation defines the components of risk, develops frameworks and processes on how to identify measure and manage risk and does Risk Management Reporting to the Board of Directors annually for its approval.

A Risk Management Process which includes understanding, identifying, assessing and mitigating risks, monitoring control and communicating results, has been established and is reviewed every year.

There have been no changes to the level of risks compared to the prior year and no changes in the risk management practices used to manage risks.

The Corporation is exposed to the following risks as a result of holding financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet their obligations. The Corporation is exposed to credit risk through cash and cash equivalent deposits with financial institutions and the sale of goods to customers resulting in accounts receivable, and investments made in business enterprises through equity purchases.

For cash and cash equivalents in interest-bearing accounts and in the non-redeemable GICs in the portfolio investments, the maximum exposure to credit risk is the carrying amount on the Consolidated Statement of Financial Position. The risk associated with cash and cash equivalents and in the non-redeemable GICs is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions. As at March 31, 2020, there were no known relevant concentrations of credit risk by type of deposit or institution.

For accounts receivable, the maximum exposure to credit risk is the carrying amount on the Consolidated Statement of Financial Position. The risk exposure relating to accounts receivable is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of Nunavut. To mitigate this risk, the Corporation does regular follow-up on their accounts receivable.

At March 31, 2020, the accounts receivable are aged as follows:

	Mar 31, 2020	Mar 31, 2019
Current	\$132,318	\$154,092
31-60 days old	129,297	39,185
61-90 days old	109,525	35,282
Over 90 days old	<u>283,177</u>	<u>657,008</u>
Total accounts receivable	<u>\$654,317</u>	<u>\$885,567</u>

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications that customers will not be able to meet their obligations. As at March 31, 2020, there were no known relevant concentrations of credit risk by type of customer or geography. Instead, the credit risk exposure is mainly influenced by individual customer characteristics.

The Corporation utilizes an allowance account for potential credit losses related to accounts receivable. The movement in the allowance account during the year was as follows:

	Mar 31, 2020	Mar 31, 2019
Balance, beginning of year	\$216,451	\$113,328
Additional allowance made during the year	309,461	110,398
Write-offs during the year	(71,425)	(7,275)
Balance, end of year	<u>\$454,487</u>	<u>\$216,451</u>

10. Financial instruments (cont'd)

(a) Credit risk (cont'd)

For portfolio investments, the maximum exposure to credit risk is the carrying amount on the Consolidated Statement of Financial Position. The risk relating to portfolio investments is directly impacted by the investee's ability to meet their obligations. Among other factors, this ability is impacted by the investee's exposure to fluctuations in the economy of Nunavut and preferred share dividends not declared. As well, the Corporation implemented specific guidance to be followed before investing in a subsidiary. The Corporation also performs regular review of the investee's practices after the investment occurs and may sometimes divest, to further mitigate the likelihood of incurring any significant losses from the investments.

As at 31 March, the Corporation believes there is no significant credit risk related to its portfolio investments, except for the provision for Venture investment loss described in the Note 6. At the end of 2020, there is no known relevant concentration of credit risk by business group.

(b) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Kivalliq Arctic Foods Ltd. has a loan demand operating line of credit of \$420,000, at the bank prime rate plus 1.25%. The line of credit is secured by a guarantee and postponement of claim signed by the parent company. There have been no draws as at March 31, 2020 (2019 - \$nil).

Kitikmeot Foods Ltd. has a loan demand facility of \$22,000 with interest rate to be determined at the time of drawdown. Further, there is a demand operating line of credit of \$200,000, at the bank prime rate plus 0.5%. The line of credit is secured by a guarantee and postponement of claim signed by the parent company. There have been no draws as at March 31, 2020 (2019 - \$nil).

Since the commencement of RBC Agency in October 2019 at Pangnirtung, Uqqurmiut Arts and Craft Ltd. has a non-interest bearing, revolving demand operating line of credit of \$100,000, secured by a guarantee signed by the parent company, for financing the day-to-day operations of RBC Agency in Pangnirtung. The balance in RBC Agency Cash Control account should match RBC Agency Loan received from RBC Montreal, unless otherwise cash is lost due to any reasons. The outstanding operating loan as at March 31, 2020 was \$65,678. During the year, \$25,530 cash was lost. The balance in RBC Agency Cash Control account as at March 31, 2020 was \$40,148.

The Corporation is exposed to interest rate risk on its bank operating loan because any change in interest rate will cause fluctuations in interest expense. The Corporation has not drawn upon the bank operating loan during the fiscal year, therefore mitigating any interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations as they fall due. The Corporation is exposed to liquidity risk on its financial liabilities (accounts payable and accrued liabilities). The Corporation manages its liquidity risk by continuously monitoring forecasted and actual cash flows to ensure it maintains sufficient liquid financial resources to finance operations. The Corporation's financial liabilities are expected to mature in less than one year.

The Corporation does not currently believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The Corporation believes that it has access to sufficient capital through internally generated cash flows, government support and external sources including borrowing facilities to meet current spending forecasts.

11. Contractual obligations

The Corporation has entered into a long-term operating lease for the rental of office and retail space. Future minimum payments by fiscal year are due as follows:

2021	\$89,424
2022	89,940
2023	29,980

\$209,344

Kitikmeot Foods Ltd., a subsidiary company of Nunavut Development Corporation, has a long-term land lease rental of meat plant, fish plant and staff house, with the Hamlet of Cambridge Bay. Future minimum payments by fiscal year are due as follows:

2021	\$2,496
2022	2,496
2023	2,496
2024	2,496
2025	<u>2,496</u>

\$12,480

Thereafter, annually \$2,496

12. Contractual rights

The Corporation has right to receive a fixed cumulative preferential distribution from its portfolio investments. The contractual rights of the Corporation for future assets in respect of six venture investments are as follows:

2021	\$100,920
2022	94,020
2023	67,830
2024	67,830
2025	<u>41,080</u>

\$371,680

Uqqurmiut Arts & Craft Ltd., ("UAC"), has entered into contracts for "Pangnirtung Post Office dealership", "RBC Agency service" and "QINIQ 4G-Community Service Provider ("4G-CSP agreement") in Pangnirtung".

The Post Office Dealership agreement is between UAC and Canada Post in relation to the operations of the Pangnirtung Postal Outlet. This agreement does not expire unless agreed upon by both parties. The RBC Agency service agreement is between UAC and Royal Bank of Canada (RBC). UAC has been appointed as RBC's agent to provide banking and related services on behalf of the Bank, in the community of Pangnirtung. This agreement does not expire unless agreed upon by both parties. 4G-CSP agreement is between UAC and SSI Micro Ltd ("SSI"). UAC acts as an agent of SSI in Pangnirtung and contract revenues include a monthly retainer and various royalties on services. This agreement does not expire unless agreed upon by both parties.

An estimate of the contractual rights for future assets which arise to UAC, cannot be determined with certainty as they are based on various factors such as monthly usage and service levels.

13. COVID-19 IMPLICATIONS

On March 11 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world. The pandemic has resulted in governments and territories in Canada and worldwide enacting emergency measures to limit the spread of the virus. As the pandemic only impacted the last two weeks of fiscal year 2019-20, the impact on the Corporation's 2019-20 financial statements was not significant.

Subsequent to year-end, the pandemic has had and will continue to have a significant impact on the Corporation's revenue generation and operations. The duration and impact of the COVID-19 pandemic remain unclear at this time. It is not possible to reliably estimate the full effect of the outbreak on the Corporation results of operations and financial condition at this time. Management is actively monitoring the effect on the Corporation's financial condition and probing ways to address potential future financial impacts.

Nunavut Development Corporation

Consolidated Schedule of Tangible Capital Assets (TCA)

As at March 31

Schedule A

	Buildings	Equipment	Leasehold Improvements	Office Furniture and Equipment	Computer Equipment	Automotive Equipment	2020 Total	2019 Total
Cost of tangible capital assets								
Opening balance	\$7,481,966	\$2,141,170	\$673,414	\$442,648	\$186,314	\$219,843	\$11,145,355	\$11,036,029
Additions	22,493	83,305	17,499	16,030	23,295	4,239	166,861	109,326
Closing balance	7,504,459	2,224,475	690,913	458,678	209,609	224,082	11,312,216	11,145,355
Accumulated amortization								
Opening balance	(6,675,425)	(2,065,977)	(627,083)	(397,613)	(179,498)	(213,692)	(10,159,288)	(10,002,214)
Amortization allocated to COGS	(63,151)	(41,670)	(10,302)	-	-	(848)	(115,971)	(95,691)
Amortization allocated to SG&A	(27,059)	(2,176)	(9,504)	(9,161)	(11,349)	(7,886)	(67,135)	(61,383)
Closing balance	(6,765,635)	(2,109,823)	(646,890)	(406,774)	(190,847)	(222,426)	(10,342,394)	(10,159,288)
Net book value	\$738,824	\$114,652	\$44,023	\$51,904	\$18,762	\$1,656	\$969,822	\$986,067

Nunavut Development Corporation

Consolidated Schedule of Sales

For the year ended March 31

Schedule B

	Arts & Craft	Meat & Fish	2020 Actual	2019 Actual
Sales				
Arts & Craft items	\$2,133,037	-	\$2,133,037	\$2,215,240
Meat & Fish items	85,346	\$1,553,114	1,638,460	1,485,185
Management fee	-	2,802	2,802	25,327
Supplies	5,568	-	5,568	3,164
Total	\$2,223,951	\$1,555,916	\$3,779,867	\$3,728,916
Sales - By Category of Customers				
Government of Nunavut - Departments	20,783	64,715	85,498	91,614
Petroleum Products Division	-	-	-	646
District Education Authority	1,696	23,423	25,119	36,113
Nunavut Arctic College	6,170	10,644	16,814	7,326
Non-controlling interests	-	85,266	85,266	88,253
Third Parties	2,195,302	1,371,868	3,567,170	3,504,964
Total	\$2,223,951	\$1,555,916	\$3,779,867	\$3,728,916

Nunavut Development Corporation

Consolidated Schedule of Cost of Goods Sold (COGS)

For the year ended March 31

Schedule C

		Arts & Craft	Meat & Fish	2020 Actual	2019 Actual
Cost of goods sold					
Opening Inventory		\$2,662,653	\$932,729	\$3,595,382	\$3,631,379
Purchases					
Government of Nunavut - Departments		-	3,176	3,176	9,560
Third Parties		1,578,972	425,883	2,004,855	1,756,634
Direct Labour		428,182	428,086	856,268	756,529
Utilities					
Government of Nunavut - Territorial Corp.		43,839	289,248	333,087	335,155
Petroleum Products Division		61,512	52,994	114,506	124,864
Freight and packaging		71,652	300,821	372,473	373,933
Commission		101,140	-	101,140	103,965
Amortization on TCA		21,422	94,549	115,971	95,691
Food safety & productivity expenses		-	20,687	20,687	13,238
Inventory write-down/markdown		17,588	-	17,588	19,562
Allowance for Slow and Non-moving					
- Slow moving (5 to 10 years old inventory)	\$275,000				
- Non-moving (over 10 years old inventory)	<u>210,000</u>	485,000	-	485,000	-
Product repair and development		8,304	-	8,304	9,175
Closing Inventory		(2,869,768)	(1,012,083)	(3,881,851)	(3,595,382)
Total		\$2,610,496	\$1,536,090	\$4,146,586	\$3,634,303

Certain comparative information has been reclassified to conform with current year presentation.

Nunavut Development Corporation

Consolidated Schedule of Selling and Administration Expenses (SG&A)

For the year ended March 31

Schedule D

	Arts & Craft	Meat & Fish	2020 Actual	2019 Actual
Selling and administration expenses				
Salaries and benefits	\$1,410,588	\$268,926	\$1,679,514	\$1,753,823
Bad debts	322,753	4,293	327,046	110,398
Project expenses	171,590	24,400	195,990	220,824
Repairs and maintenance	100,029	52,158	152,187	93,959
Office supplies	120,463	26,028	146,491	131,713
Travel	132,284	8,716	141,000	167,089
Advertising and promotion	114,202	-	114,202	108,089
Board expenses	103,869	-	103,869	124,338
Bank charges and interest	58,372	29,830	88,202	72,284
Rent	87,495	-	87,495	93,522
Professional fees	59,039	27,406	86,445	105,051
Amortization on TCA	38,324	28,811	67,135	61,383
Telephone	53,650	11,751	65,401	68,591
Utilities				
Petroleum Products Division	15,846	-	15,846	10,039
Govt. of Nunavut-Territorial Corp.	9,316	-	9,316	8,423
Insurance	15,366	-	15,366	14,363
Legal fees	13,496	-	13,496	10,431
Vehicle expenses	-	12,842	12,842	9,724
Licenses and lease	4,099	7,761	11,860	10,086
Miscellaneous	7,335	-	7,335	2,507
Fisheries and Oceans Canada sampling costs	-	7,000	7,000	7,000
Freight and postage	4,739	-	4,739	2,054
Translating	3,140	-	3,140	18,245
Expenses for RBC Agency	1,591	-	1,591	-
Training	1,541	-	1,541	24,778
Total	\$2,849,127	\$509,922	\$3,359,049	\$3,228,714

