

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	53
DIRECTORATE OPERATIONS	54
Minister's Statement	54
President's Statement	55
Corporate Overview	57
Mission	58
Responsibilities	58
Goals, Strategies and Targets	59
Policy and Planning	60
HEADQUARTERS OPERATIONS	62
Homeownership	62
Rental Housing	65
Design and Development	68
Finance	69
DISTRICT OPERATIONS	70
Baffin	70
Kitikmeot	72
Kivalliq	73
FINANCIAL STATEMENT	75

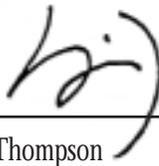
LETTER OF TRANSMITTAL

The Honourable Peter Irniq
Commissioner
Government of Nunavut

Dear Sir:

I have the honour of presenting the Annual Report for the Nunavut Housing Corporation, covering the period April 1, 2000 to March 31, 2001.

Respectfully submitted,



Manitok Thompson
Minister Responsible for the
Nunavut Housing Corporation

DIRECTORATE OPERATIONS

Minister's Statement

It is my distinct pleasure to be the first Minister responsible for the Nunavut Housing Corporation as a stand-alone entity. Over the course of the founding of Nunavut, the Housing Corporation has been a part of the Departments of Community Government, Housing and Transportation, Public Works, Telecommunications and Technical Services, and then transferred entirely to the Department of Public Works and Services.

Effective April 1, 2000, in direct response to the first recommendation of the Minister's Task Force on Housing in Nunavut, the Nunavut Housing Corporation has become a functioning Territorial Agency in its own right.

With formation comes opportunity, challenge and responsibility. Over this fledgling year, incoming President Pam Hine has worked long and hard to build a strong, dedicated team of housing professionals.

We owe many thanks to our housing partners, the Local Housing Organizations and the long-time staff of the Corporation as well as our newly-hired personnel for ensuring our normal high level of service had been maintained throughout this fundamental year in housing operations.

Congratulations to all the staff, old and new. I look forward to another proactive, forward-looking year for housing in Nunavut for fiscal 2001/2002.



Manitok Thompson
Minister Responsible for the
Nunavut Housing Corporation

President's Statement

April 1, 2000 saw the beginning of the Nunavut Housing Corporation as a stand-alone Corporation, and the rebirth of a dedicated entity delivering housing solutions to Nunavummiut. A Corporation does not become a fully functioning entity overnight however. Goals, objectives, strategies and tactics to address those strategies needed to be created. Liaisons and linkages with departments in the Government of Nunavut needed to be forged. Our emergence as the housing voice for Nunavut needed to be promoted on the Pan-Canadian scene.

The basic building block of the Corporation's corporate strategy was the Business Plan for 1999/2000, drafted under the umbrella of the Department of Community Government, Housing and Transportation. From there, the Bathurst Mandate of the Government of Nunavut and the principles of Inuit Qaujimajatuqangit were layered upon the foundation document. The Minister's Task Force on Housing's fifteen recommendations for the future of housing in Nunavut were then incorporated into the Plan to create concrete global goals, specific strategies and realistic timeframes for the successful realization of those goals and strategies. The Housing Corporation's Business Plan for 2000/2001 has set the stage for housing in Nunavut for the next five years and has been cited as one of the best Business Plans in the government.

But it is people who effect change and people who animate the plans, goals, strategies, policies and procedures that are the stock and trade of any organization. No matter how wonderful a document may be, without dedicated, proactive people to embrace the vision and carry that ideal into the every day business of housing, great plans are just that, plans on a shelf in an office.

2000 2001

A N N U A L R E P O R T

I am very proud of the Corporation's staff and our Local Housing Organization partners. They, one and all, have seized on our vision for housing in Nunavut now, and into the future. Through them, as we continue to build capacity during fiscal 2001/2002 and into the future, we will meet the housing challenges in Nunavut and exceed the expectations of our clients and housing stakeholders.

Our second Annual Report follows, but it is our first as a living and breathing, populated Nunavut Housing Corporation. In it you will see the beginnings of a new approach to old housing issues. It is my sincere hope and wish that you will join with me, and the whole housing team, as we continue to build up the housing in Nunavut.



Pamela J. Hine
President

Corporate Overview

The Nunavut Housing Corporation (the Corporation) is a Public Agency of the Government of Nunavut (GN), created through the Nunavut Legislature by the *Nunavut Housing Corporation Act*. The corporation is not divorced from the GN, rather it is an arms-length organization, with its operating boundaries set out in Part IX of the *Financial Administration Act*; which is the section of the Act specifically devoted to Public Agencies.



The Corporation reports to the Legislative Assembly, Executive Committee and Nunavummiut through its President and the Minister responsible for the Nunavut Housing Corporation. In general, the Corporation acts much like a regular government department, but there are important differences. These differences make the Corporation unique, but they allow the Minister to maximize the effectiveness of the Corporation for the present and future benefit of Nunavummiut.

The four main advantages to a stand-alone Corporation are:

- The ability to enter into funding partnerships with others, principally the Canada Mortgage and Housing Corporation (CMHC), outside of the GN's financial structure. This means that Nunavut's transfer payments from the Federal Government are not affected by the funding the Corporation receives.
- The ability to carry over funds from one year to the next ensuring that funds from all sources that are designated for housing initiatives remain dedicated to housing solutions.

- The stewardship of funds in the Capital and Operating and Maintenance pools, allowing the Corporation to maximize the impact of housing initiatives and meet the housing needs of Nunavummiut.
- The creation of a stand-alone Nunavut Housing Corporation to allow the Corporation to maximize the use of the tools we have been given and to develop future housing and housing-related services to Nunavummiut.

Mission:

To provide opportunities for all residents of Nunavut to have homes that support a healthy, secure, independent and dignified lifestyle through working with our communities to allow them to assume the role of providing housing to Nunavummiut.

Responsibilities:

- its impact on quality and affordability of housing;
- quality of advice, assistance and support to Local Housing Organizations (LHO) and other client organizations and agencies;
- quality of property management services for Nunavut public housing;
- ensuring housing services and support are provided in an equitable manner;
- improving the public image of the Nunavut Housing Corporation;
- the dissemination of information on best practices in the operation and construction of Northern housing;
- use of Inuit Qaujimajatuqangit (IQ) in the Corporation's decision making;
- building constructive relationships with the other governments, agencies, departments and both community and Aboriginal organizations;
- operating in an effective, efficient and economical manner.

Goals, Strategies and Targets

A commitment to new organizational values

- “Renewal” – A Commitment to New Organizational Values
- Stand-alone Nunavut Housing Corporation
- The Housing Corporation Act
- Community consultations
- Integrating IQ into Corporation policies and guidelines
 - Housing needs assessment
 - Education campaign
 - Housing Corporation Business
 - Rent Scale
 - Rent charged to Income Support Recipients
 - Revision to Home Ownership Program
 - Seniors' and Specialized Housing Issues
 - Housing Design
 - Inflated Cost of Housing Programs in Nunavut
- Land Leases
 - The hidden Subsidies
 - Leveraging Dollars and Building Community Capacity
 - The Local Housing Program
 - Exploring partnerships



The staff of the Corporation, from summer students to the President and the Minister, is absolutely committed to realizing the mission, goals and strategies of the Corporation now, and for the future of housing in Nunavut.

Policy and Planning

Getting the message out that we were here to stay and that we were gearing up to be a force for housing change in Nunavut occupied the lion's share of the work of the Policy Division in fiscal 2000/2001. Staff, along with the President and Minister, was very active on the Federal and Pan-Canadian scene. One-on-one briefing sessions with Federal Ministers and Senior Federal housing representatives were organized and attended. A great many teleconferences and meetings were arranged with Senior Officials in the Federal government, most notably the Canada Mortgage and Housing Corporation, but also senior officials from all provinces and territories. Senior Policy Officials continue to sit on the Federal/Provincial/Territorial committee of Senior Officials responsible for housing and several related working and research groups.

Territorially, the Housing Strategy Committee, chaired by the Policy staff in the NHC, was formed. This committee is made up of Directors of Policy from all departments with an interest in housing – and that means all departments. Through the Housing Strategy Committee, the NHC provides leadership in housing policy development and coordinates activities in government that affect housing in Nunavut.



During the year, the Policy Division also drafted the Nunavut Fuel Rebate Program, started work on a revised Public Housing Rent Scale and Public Housing Tenant-to-Owner program and participated in many other housing policy related reviews of other departments.

With a firm policy framework and direction in place, 2001/2002 is poised to be a watershed year for the Nunavut Housing Corporation. The Policy Division looks forward to its continuing contribution to the future of housing in Nunavut, for Nunavummiut.

HEADQUARTERS OPERATIONS

Homeownership

The 2000/2001 delivery year has been one of review and renewal for the Homeownership Division. The Government of Nunavut, in accordance with the Task Force on Housing's recommendations, has shifted its focus from Homeownership Programs to Rental Programs and directed its capital resources towards increasing the number of public housing rental units. With this shift in focus, homeownership program delivery has declined significantly from prior years.

For 2000/2001, the Nunavut Housing Corporation delivered the following homeownership programs:

- The Nunavut Downpayment Assistance Program (NDAP) offers a grant of fifteen thousand dollars (\$15,000) towards the purchase of an existing home or the construction of a new home. Twenty-eight (28) Nunavut residents were assisted under this program.
- The Emergency Repair Program (ERP) offers a grant of up to eight thousand dollars (\$8,000) to assist homeowners to undertake emergency repairs. Seventeen (17) Nunavut residents were assisted under this program.
- The Senior Citizens Home Repair Program (SCHR) offers a grant amount of up to fifteen thousand dollars (\$15,000). One senior Nunavut resident was assisted under this program.

In addition to delivering its current programs, the Homeownership Division administers a mortgage portfolio consisting of over 500 active clients, the majority of whom have geared-to-income mortgages held by the Nunavut Housing Corporation. The Nunavut Housing Corporation District programs staff provide client counseling and undertake administrative functions related to the portfolio such as annual homeowner income verification to determine geared-to-income monthly mortgage payments. The programs staff also provide client counseling for new and existing homeowners as well as arrears counseling and collections for existing homeowners.

During 2000/2001, the Homeownership Division also undertook warranty work on homeownership units from prior delivery years.

The Division has also compiled and updated community shelter costs as well as new homeownership Core Need Income Thresholds (CNITs). These serve as important tools for the delivery and development of homeownership programs.

In analyzing its suite of homeowner programs, the Division determined there was a large demand for a home-repair program. With over 1,800 homeowners in the territory, and with many of those homes aging, timing was ripe to develop a repair

program specifically tailored to the needs of Nunavummiut. Currently under development, with a roll-out expected in time for Summer 2001 construction season, the Nunavut Home Repair Program will contribute up to \$33,750 to assist clients in renovating their homes.

An almost total absence of affordable homeownership choices in Nunavut has led the Division to commence work on another exciting homeownership initiative – the Tenant-to-Owner Program. Under this program, current public housing tenants will be able to purchase their rental unit. Program outcomes will include new homeowners, renewal of the public housing stock through unit replacement and an increase in the overall housing stock in the Territory.

The Division is also reviewing district program delivery and administration functions to identify best practices with the goal of increasing efficiency and effectiveness. The Division is continuing to seek innovative and cost-effective ways to inform and assist Nunavummiut to become and remain homeowners.

Rental Housing

2000 was a foundation year for the Rental Housing Division. Programs, policies and procedures inherited from the Northwest Territories Housing Corporation were examined from a Nunavut perspective. Plans were then put in place to create rental housing initiatives that were representative of the need in Nunavut. These plans included:

- Initial planning for a revised Public Housing Rent Scale. This included research into rent scales in other Canadian jurisdictions, and countries as well as a survey of Local Housing and Corporation staff and volunteers to ask them what changes are necessary.
- The acquisition of thirty-three (33) additional rental supplement units to assist in increasing the public housing stock in the territory.

• Distribution of an information bulletin to all public housing tenants explaining the cost of operating and maintaining a unit. This was an extensive piece of work which used actual data, on a per community basis. In this way, tenants learn the real cost of housing in their community.



- Development of a discussion paper of the “hidden utility subsidy” carried by the NHC. As a matter of policy, power, water/sewer and garbage are charged to the NHC at a higher, “economic” rate. The Hidden Subsidy paper clearly and graphically shows this artificial environment and suggests approaches to mutually beneficial solutions to the delivery of utilities in the Territory.
- Development of the capacity for performance reporting on social housing activities in Nunavut to our sponsor and partner the Canada Mortgage and Housing Corporation (CMHC).
- Initial planning for the revision of the LHO Personnel Manual with a view to refreshing the contents, bringing the policies and procedures up to date and addressing pay-scale issues.
- Identification of the need to examine the Management Agreements that are in place with LHOs and an initial plan to address shortcomings/challenges as necessary.

- Identification of the reality that the LHO funding model is dated, if still pertinent, and working towards a revised model for the future.
- Initial planning for an asset database to keep a perpetual inventory of the public housing stock.
- Implementation of the Public Housing Rent Scale computer software program in LHOs to assist in the management of the tenant files and rent assessments. This critical piece of software also provides a wealth of statistical information regarding the composition of families in public housing. The information produced allows us to refine policies and procedures, determine new housing styles and sizes and is used extensively in our lobby and advocacy efforts regarding public housing.



Overall, the Rental Housing team had a busy and productive fiscal 2000/2001. We look forward to meeting and exceeding the challenges identified during the year as well as identifying new opportunities to assist our District Offices and LHO partners during the upcoming year.

Design and Development

The Technical Division manages the engineering services and production of technical contract documents, in accordance with the corporate goals and mandates. The Division is responsible for the planning, implementation and administration of all capital construction and/or major Modernization and Improvement projects for the NHC. It ensures all parties conform to the technical and administrative construction requirements of the NHC's programs while supporting and implementing the Government of Nunavut initiatives towards community empowerment. The Division also manages and delivers the Maintenance Management Program, the Modernization and Improvement Program and various other maintenance initiatives related to the Rental Housing Program and the Homeownership Programs. It provides advice and support to District Offices staff on maintenance matters, monitors and refines the maintenance policies and procedures.

During the fiscal year 2000–2001, full staffing complement of this Division was not in place – only one (1) position, the Manager, Design & Development, was filled. The recruitment of the following positions will occur during fiscal 2001/2002: Contract Coordinator, Maintenance Coordinator and Architectural Technologist.

Finance

During the fiscal year 2000–2001, the Corporation experienced some unexpected delays in hiring financial staff at Headquarters. The vacant positions included Chief Financial Officer; Manager, Financial Services; Budget and Financial Planning Officer; Revenue Clerk; Accounts Payable Clerk; and Data Entry/Batch Clerk. Only one (1) position, Mortgage, Loans and Investment Officer, was filled. Recruitment will be done during fiscal year 2001–2002.

To maintain continued funding and service to Nunavut, the accounting and financial function was contracted back to the Northwest Territories Housing Corporation on a temporary but year to year basis to ensure the Corporation has accurate records.

DISTRICT OPERATIONS

Baffin

The Baffin District had an active year in 2000/2001. In only our second year after the division of the Territories, growing pains were still evident.

The Programs Staff worked hard to deliver assistance in the amount of \$500,000 to our clients in a variety of Homeownership Programs, including Seniors' Home Repairs and Emergency Home repairs. Nine of our clients took advantage of the Nunavut Downpayment Assistance Program (NDAP) and are now proud homeowners. Working in partnership with our thirteen Local Housing Organization (LHO) community partners, our Programs Staff have focused their efforts on community involvement and direction in the operation of our 1839 social housing rental units.

The Technical Staff, along with our LHO partners, administered approximately \$9 million in new construction resulting in fifty-two (52) new units. Each of the thirteen (13) communities in our District received at least two (2) new units. In addition to the new construction, 333 of our social housing rental units received modernization and improvement repairs at a cost of \$1.8 million. The Technical Staff continued to offer training for the maintenance management software programs and ongoing maintenance activities.

The District's Finance Staff also had a busy year. In addition to all the Homeownership and Capital Programs, over \$27.5 million in operations and maintenance funding was administered to our LHO partners. The Finance Staff continued to offer financial administration advice and training to each of the LHOs.

During the past year, the Baffin District has provided a financial management workshop and a tenant relations workshop to the staff of the LHOs.

In total, it has been an extremely busy and challenging year. In the upcoming year, we look forward to the new construction season, an increased modernization and improvement budget that will allow us to repair more of our rental units, new Homeownership Programs and our ongoing commitment to each of our LHO partners to provide the best training and advice possible.

Kitikmeot

2000/2001 brought together the former NWT Housing Corporation District staff and the NHC old offices with the merging of the operational “Nunavut Housing Corporation” District. With staffing in place, the work to meet the housing challenges in the District began.

The Technical Staff had to put their noses to the grindstone and get materials tendered for ten (10) duplexes built in the District and then proceed to tender for the labour portion. With only minor hiccups, the duplexes were occupied by the end of the fiscal year.

The Kitikmeot District contributed to the staffing of the Directorate office with its Comptroller moving to Iqaluit to take on the duties of Director, Policy and Planning. The Headquarters office in Arviat also hired its Manager of Design & Development –Technical Division from the Kitikmeot District.

A technical workshop was held in February 2001 to review upcoming Modernization and Improvement projects and other relevant topics. The introduction of the Nunavut Downpayment Assistance Program (NDAP) had the Programs staff helping first time homeowners in most of the Kitikmeot communities.

The Local Housing Organizations (LHOs) in the communities of the Kitikmeot achieved many of their goals with a lot of hard work in 2000/2001 and look forward to the challenges in 2001/2002.

Kivalliq

The year saw the re-staffing of the Technical Department of the District Office in completing the staffing transition from CGT to the stand-alone NHC. This was completed in January/2001 with the staffing of the last vacant position in that department. As well, the Programs staffing was completed in the staffing of the last vacant position in July/2000. This position had been vacant for some time.

This re-staffing of the District Office to its eleven positions allowed the Corporation to more adequately service the needs of the Kivalliq client base, both in public housing and homeownership.

The District Office continued to provide ongoing support to the Local Housing Organizations as required. District Staff attended the first Rent Scale consultation meeting in Rankin Inlet along with other community and Corporation representatives from across Nunavut.

The year saw the delivery by year end of thirteen (13) two-bedroom public housing duplexes (26 units) to six communities in the Kivalliq District; one (1) duplex in Chesterfield Inlet being deferred for completion in 2001/2002 due to unforeseen circumstances. Duplexes were delivered to Arviat, Baker Lake, and Rankin Inlet (3 duplexes/6 units each), Coral Harbour (2 duplexes/4 units) and Repulse Bay and Whale Cove (1 duplex/2units each) at a combined cost of approximately \$4.7 million.



In addition, the Corporation provided Public Housing Repair Program funding to its partner organizations in the amount of approximately \$1.1 million for numerous major and minor repair projects, as well as mobile equipment replacement funding.

During the year, the District Office Programs staff, in addition to other Programs delivery (LHO support, etc.), processed applications for Homeownership assistance in allocating funding from a limited budget and demand for assistance as provided under the current guidelines. Eleven (11) Nunavut Downpayment Assistance Program (NDAP) clients were assisted under that program. Eight (8) clients were assisted under the Emergency Repair Program (ERP). As well, the District funded the installation of two (2) wheelchair ramps as requested in supporting clients who required this type of access to their homes.

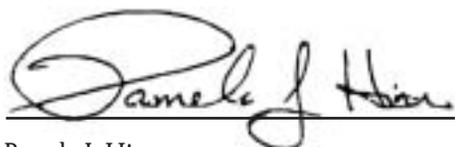
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Manito Thompson
Minister Responsible for the Nunavut Housing Corporation

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with the generally accepted accounting principles in Canada. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Corporation and for issuing her report thereon.



Pamela J. Hine
President



Maria S. Venida, C.G.A.
Chief Financial Officer

Iqaluit
October 31, 2001

AUDITOR'S REPORT

AUDITOR GENERAL OF CANADA



VÉRIFICATEUR GÉNÉRAL DU CANADA

To the Minister of the
Nunavut Housing Corporation

I have audited the balance sheet of the Nunavut Housing Corporation as at March 31, 2001 and the statements of operations, deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Nunavut Housing Corporation Act and regulations*.

A handwritten signature in black ink, appearing to read 'Ron Thompson'.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 31, 2001

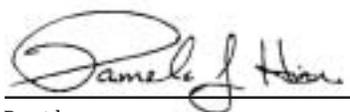
BALANCE SHEET

as at March 31, 2001(\$'000)

	2001	2000
ASSETS		
Current		
Cash	\$ 2,003	\$ 365
Short-term investments (Note 4)	15,735	15,393
Accounts receivable (Note 5)	6,208	1,787
Prepaid Expenses	-	134
	<u>23,946</u>	<u>17,679</u>
Investment in housing projects		
Land and buildings (Note 6a)	265,710	264,416
Capital Leases – housing units (Note 6b)	32,393	-
Mortgages receivable (Note 6c)	7,925	9,109
Net investment in lease	440	-
	<u>330,414</u>	<u>291,204</u>
Property and equipment (Note 7)	5,159	5,396
	<u>\$ 335,573</u>	<u>\$ 296,600</u>
LIABILITIES		
Current		
Accounts payable (Note 8)	\$ 8,164	\$ 7,046
Accrued interest	988	1,008
Due to the Government of Nunavut (Note 9)	518	373
Capital contributions advanced (Note 10)	2,842	277
Current portion of long-term liabilities (Note 12)	7,914	5,905
	<u>20,426</u>	<u>14,609</u>
Long-term debt (Note 13)	203,152	209,459
Obligation under capital lease (Note 14)	32,188	-
Employee future benefits	221	121
Deferred Capital Contributions (Note 11)	96,774	84,538
	<u>\$ 352,761</u>	<u>\$ 308,727</u>
EQUITY		
Accumulated Deficit of the Government of Nunavut	(17,188)	(12,127)
	<u>\$ 335,573</u>	<u>\$ 296,600</u>

Contingencies and commitments (Notes 19 and 20)

Approved by Management:



President



Chief Financial Officer

The accompanying notes and schedules form an integral part of the financial statements.

STATEMENT OF OPERATIONS

For the year ended March 31, 2001 (\$'000)

	2001	2000
EXPENSES		
Contributions for social housing (Schedule I)	\$ 55,326	\$ 57,091
Interest on long-term debt	25,290	22,797
Amortization	14,164	14,007
Administration (Schedule II)	6,327	4,358
Repairs, maintenance and other costs	3,632	6,434
Amortization – Leased assets	2,424	-
Homeownership grants and contributions	2,138	5,199
Provision for impaired mortgages	1,442	431
Mortgage subsidies	(609)	835
	<u>\$ 110,134</u>	<u>\$ 111,152</u>
REVENUES AND RECOVERIES		
Investment revenue	1,214	607
Mortgage interest revenue	688	853
Gain/(Loss) on disposal of land and buildings	489	(1,744)
Other revenue and recoveries	440	1,182
Recovery of prior year grants	166	172
	<u>2,997</u>	<u>1,070</u>
Net cost of operations prior to government contributions	<u>107,137</u>	<u>110,082</u>
Cost of operations funded by the Government of Nunavut	37,175	39,751
Contributions from Canada Mortgage and Housing Corporation (Note 17)	57,963	57,586
Amortization of deferred capital contributions (Note 11)	5,708	6,225
	<u>100,846</u>	<u>103,562</u>
Net cost of operations (Note 18)	<u>\$ 6,291</u>	<u>\$ 6,520</u>

The accompanying notes and schedules form an integral part of the financial statements.

STATEMENT OF DEFICIT

For the year ended March 31, 2001 (\$'000)

	<u>2001</u>	<u>2000</u>
Accumulated deficit at beginning of year	\$ (12,127)	\$ (6,602)
Transfer from inventory to depreciable capital assets	-	(1,975)
Net cost of operations – unfunded items (Note 18)	(6,291)	(6,520)
	<u>\$ (18,418)</u>	<u>\$ (15,097)</u>
Contributions from the Government of Nunavut		
Acquisition of non-depreciable capital assets	736	2,509
Contributions provided for loan principal repayments of long-term debt	494	461
	<u>1,230</u>	<u>2,970</u>
Accumulated deficit at end of year	<u>\$ (17,188)</u>	<u>\$ (12,127)</u>

STATEMENT OF CASH FLOWS

For the year ended March 31, 2001 (\$'000)

	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM:		
Government of Nunavut (GN)	\$ 32,495	\$ 40,585
Canada Mortgage and Housing Corporation (CMHC)	53,300	53,773
Miscellaneous revenue	2,854	2,069
	<u>88,649</u>	<u>96,427</u>
CASH USED FOR:		
Interest on long-term debt	25,310	22,797
Contributions for social housing	55,639	54,965
Repairs, maintenance & other costs	3,633	6,434
Homeownership grants and contributions	1,131	1,533
Administration	6,031	4,429
	<u>91,744</u>	<u>90,158</u>
Net cash provided/(used) by operating activities	<u>(3,095)</u>	<u>6,269</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Contribution from GN for capital	21,246	11,781
Contribution from CMHC for loan repayment	4,618	4,108
Repayment of long-term debt	(5,729)	(5,145)
Capital lease obligation	(1,260)	-
Repayment to Northwest Territories Housing Corporation	-	(4,390)
Net cash provided by financing activities	<u>18,875</u>	<u>6,291</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(16,500)	(11,621)
Mortgage payments received	855	1,399
Sale of capital assets	1,845	1,772
Net cash used by investing activities	<u>(13,800)</u>	<u>(8,450)</u>
Net increase in cash and cash equivalents	1,980	4,110
Cash and short term investments, beginning of year	15,758	11,648
Cash and short term investments, end of year	<u>\$ 17,738</u>	<u>\$ 15,758</u>

The accompanying notes and schedules form an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

1. PURPOSE OF THE ORGANIZATION

The Nunavut Housing Corporation, established in 1999 pursuant to the *Nunavut Housing Corporation Act*, is a Territorial Crown Corporation named in Schedule B to the *Financial Administration Act*.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Nunavut Territory.

Pursuant to provisions of the *Nunavut Housing Corporation Act*, the Corporation is dependent upon the Government of Nunavut, either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations and for capital projects.

The Nunavut Housing Corporation is exempt from income tax. The Corporation is subject to Goods & Services taxes and has complied with requirements applicable to the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting policies. The significant accounting policies are as follows:

Revenue recognition

Government of Nunavut contributions, which are provided through the Department of the Executive, are restricted in nature, subject to the provisions of Section 20 of the *Nunavut Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the Government of Nunavut are recognized as revenue in the year in which the related expenditures are incurred.

Contributions and recoveries from the Government of Nunavut for operations and maintenance are credited to operations, except for those amounts provided for loan principal repayments, which are credited to equity.

Capital contributions from the Government of Nunavut for depreciable capital expenditures are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Capital contributions for non-depreciable capital expenditures are credited to equity, or if used for repairs, maintenance, grants and other period costs, are credited to operations.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

Federal contributions, which are provided by Canada Mortgage and Housing Corporation (CMHC), are restricted in accordance with provisions in the Social Housing Agreement executed by the Corporation and CMHC. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred.

Federal contributions for the repayment of loans towards the purchase of capital assets approximate the annual amortization expense of these assets and is recognized in the year received.

Finance income related to the direct financing lease is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease for purposes of income recognition is composed of net minimum lease payments less unearned finance income.

Investment in housing projects – land and buildings

Land and buildings constructed or purchased by the Corporation for the rental portfolio or carried in inventory are stated at cost. Buildings transferred to the Nunavut Housing Corporation from CMHC are stated at CMHC's book value effective April 1, 1999. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and building for rental and are carried at cost. It also includes amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at their estimated realizable value.

Amortization is provided using the following methods and annual rates. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Social housing, senior citizen's housing, lease/purchase housing and staff housing
Declining 5 %

Northern rental housing
Straight-line 5 %

Investment in housing projects – capital lease – housing units

Public and senior citizens' housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined by the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Investment in housing projects – mortgages receivable

a) Mortgage subsidy

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidy.

Accordingly, the mortgage receivable balance represents the present value of the expected future unsubsidized payments from the mortgagees, prior to an allowance for impairment.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

Subsequent changes to the amount of the subsidy provided, resulting from change in income of the mortgagee, are recognized in the year the changes occur.

b) Allowance for impaired mortgages

Mortgages are considered impaired when a deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment have been recovered.

Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	
Declining balance	20 %

Warehouses, office buildings and staff housing	
Declining balance	5 %

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

Contributions for social housing

Housing units owned by the Corporation are operated by local housing associations, authorities and municipalities. The Corporation provides contributions for the annual operating requirements of these local housing organizations, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

Employee future benefits

Pension benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Non-pension benefits

The Corporation is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the Corporation. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Corporation recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; and the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

3. CHANGE IN ESTIMATE

Effective April 1, 2000, the Corporation revised its estimate on the useful life of housing units under the social housing portfolio, resulting in certain long-term leases now being considered capital rather than operating leases. The effect of this change, which has been applied prospectively, results in opening balance additions to the

balance sheet of \$34,817 for Capital Leases – housing units and Obligation under capital lease. The effect on current year operations is a reduction in contribution for social housing of \$4,339 and an increase in interest expense of \$3,079. There is also an increase in amortization related to the capital leases of \$2,423.

4. SHORT-TERM INVESTMENTS

The Corporation invests in the short-term money market at fixed rates. The portfolio yield during the year ended March 31, 2001 ranged from 4.25% to 5.58% (2000 – 3.75% to 5.09%). All instruments held in short-term investments have an R1-L rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 5% to 50% of the total portfolio and a maximum dollar value of \$10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty. The average term to maturity is 34 days (2000 – 28 days).

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

5. ACCOUNTS RECEIVABLE

	2001	2000
Canada Mortgage and Housing Corporation	\$ 69	\$ 26
Local Housing Organization	762	940
Government of Nunavut	3,922	-
Receiver General of Canada	929	-
Other	526	821
	<u>\$ 6,208</u>	<u>\$ 1,787</u>

6. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Land	\$ 260	\$ -	\$ 260	\$ 351
Inventory of unsold housing	1,473	-	1,473	3,059
Social housing	366,055	120,659	245,396	240,682
Northern rental housing	1,069	895	174	-
Senior citizens' housing	11,272	2,167	9,105	9,384
Lease/Purchase housing	11,228	2,808	8,420	9,110
Staff housing	79	11	68	434
Construction in progress	814	-	814	1,396
	<u>\$ 392,250</u>	<u>\$ 126,540</u>	<u>\$ 265,710</u>	<u>\$ 264,416</u>

b) Capital lease – housing units

	2001		
	Cost	Accumulated Amortization	Net
Public and senior citizens' housing	\$ 34,817	\$ 2,424	\$ 32,393

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

6. INVESTMENT IN HOUSING PROJECTS (CONT'D)

	<u>2001</u>	<u>2000</u>
c) Mortgages receivable		
First mortgages (net of subsidies of \$60) bearing interest at rates varying between 6.95% and 14.25% per annum, repayable over a maximum period of 25 years	\$ 464	\$ 434
Less: allowance for impaired mortgages	<u>(348)</u> 116	<u>(357)</u> 77
Other mortgages (net of subsidies of \$43,407) bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 15 years	12,927	12,788
Less: allowance for impaired mortgages	<u>(5,118)</u> 7,809	<u>(4,106)</u> 8,682
Interim financing loans bearing interest at rates varying between 8.95% and 10.5% per annum, repayable over a maximum period of 5 years	323	350
Less: allowance for impaired mortgages	<u>(323)</u> -	<u>-</u> 350
	<u>\$ 7,925</u>	<u>\$ 9,109</u>

The recorded value of those mortgages specifically identified as being impaired is \$5,789 (2000 – \$4,463).

The breakdown of the maturity of the Corporation's performing mortgage receivable is as follows:

	<u>Interest Rate Range</u>	<u>Amount</u>
2002	-	\$ -
2003	10%	20
2004	10%	10
2005	9.9% - 11.25%	19
2006	-	-
2007-2011	7.25% - 10.75%	2,490
2012-2016	6.7% - 10.25%	5,386
Total		<u>\$ 7,925</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

7. PROPERTY AND EQUIPMENT

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Warehouse	\$ 8,878	\$ 3,943	\$ 4,935	\$ 5,180
Office furniture & equipment	457	244	213	216
Staff housing	531	531	-	-
Office buildings	75	75	-	-
Leasehold improvements	12	1	11	-
	<u>\$ 9,953</u>	<u>\$ 4,794</u>	<u>\$ 5,159</u>	<u>\$ 5,396</u>

8. ACCOUNTS PAYABLE

	2001	2000
Trade	\$ 3,101	\$ 1,077
Government of Nunavut	1,307	2,869
Local Housing Organizations	3,029	2,591
Contractor's Holdback	727	509
	<u>\$ 8,164</u>	<u>\$ 7,046</u>

9. DUE TO THE GOVERNMENT OF NUNAVUT

	2001	2000
Balance at beginning of the year	\$ 373	\$ -
Operating contributions	37,994	33,242
Contributions provided for loan principal repayments of long-term debt	(494)	(461)
Capital contributions used for repairs, maintenance, grants and other cost	(180)	7,343
	<u>37,693</u>	<u>40,124</u>
Cost of operations funded by GN	37,175	39,751
Balance at end of year	<u>\$ 518</u>	<u>\$ 373</u>

The Government of Nunavut makes advances to the Corporation for funding operations and principal repayments of long-term debt. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Amounts advanced in excess of the actual expenditures are due to the Government of Nunavut at year-end and are carried forward as a non-interest-bearing advance for the following year.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

10. CAPITAL CONTRIBUTIONS ADVANCED

	<u>2001</u>	<u>2000</u>
Balance at beginning of the year	\$ 277	\$ -
Capital contributions received	21,066	19,061
	<u>21,343</u>	<u>19,061</u>
Capital expenditures	18,681	11,441
Capital contributions used for repairs, maintenance, grants and other costs	(180)	7,343
	<u>18,501</u>	<u>18,784</u>
Balance at the of the year	\$ <u>2,842</u>	\$ <u>277</u>

The Government of Nunavut makes advances to the Corporation for capital expenditures and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Any amounts advanced in excess of actual expenditures at year-end are carried forward as a non-interest-bearing advance for the following year.

11. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF NUNAVUT (GN)

	<u>2001</u>	<u>2000</u>
Balance, beginning of year	\$ 84,538	\$ 79,857
GN contribution for depreciable capital assets	17,944	8,931
Transfers from inventory to depreciable capital assets	-	1,975
Amortization of deferred capital funding	(5,708)	(6,225)
Balance, end of year	\$ <u>96,774</u>	\$ <u>84,538</u>

12. CURRENT PORTION OF LONG-TERM LIABILITIES

	<u>2001</u>	<u>2000</u>
Long-term debt	\$ 6,308	\$ 5,729
Obligations under capital lease	1,368	-
Employee future benefits	238	176
	\$ <u>7,914</u>	\$ <u>5,905</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

13. LONG-TERM DEBT

	<u>2001</u>	<u>2000</u>
Loans from Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2000 – 6.97%). The loans are guaranteed by the Government of Nunavut.	\$ 55,733	\$ 56,843
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the new Social Housing Agreement, maturing between the years 2003 and 2038, at interest rates ranging from 4.5% to 21.5% (2000 – 4.5% to 21.5%).	153,727	158,345
	<u>209,460</u>	<u>215,188</u>
Portion included in current liabilities.	6,308	5,729
	<u>\$ 203,152</u>	<u>\$ 209,459</u>

Principal repayments and interest requirements over the next five years on outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	6,308	21,696	28,004
2003	6,975	21,029	28,004
2004	7,699	20,305	28,004
2005	8,555	19,449	28,004
2006	9,456	18,548	28,004

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

14. OBLIGATION UNDER CAPITAL LEASE

The Nunavut Housing Corporation is committed, in aggregate, to payments of \$5,559 per annum for 42 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs. These lease agreements are based on implicit interest rates varying from 6.85% to 10.75% and expiry dates ranging from 2013 to 2018. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	<u>Future Minimum Lease Payments</u>	<u>Executory Costs</u>	<u>Imputed Interest</u>	<u>Lease Obligation</u>
2002 (current)	\$ 5,559	\$ 1,220	\$ 2,971	\$ 1,368
2003	5,559	1,220	2,846	1,493
2004	5,559	1,220	2,715	1,624
2005	5,559	1,220	2,553	1,786
2006	5,559	1,220	2,395	1,944
2007-2018	46,751	10,265	11,145	25,341
Long-term	\$ 68,987	\$ 15,145	\$ 21,654	\$ 32,188

15. EMPLOYEE FUTURE BENEFITS

Pension benefit

During the years the Public Service Superannuation Plan (PSSA) required the Corporation to contribute to the PSSA at a rate of 2.14 times the employees' contributions. Contributions to the PSSA during the year were approximately \$324 (2000 - \$166).

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Corporation's financial instruments are estimated as follows:

	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash & short term investments	\$ 17,738	\$ 17,738	\$ 15,758	\$ 15,758
Accounts receivable	6,208	6,208	1,787	1,787
Mortgages receivable	7,925	7,925	9,109	9,109
	\$ 31,871	\$ 31,871	\$ 26,654	\$ 26,654
Financial Liabilities:				
Accounts payable	\$ 8,164	\$ 8,164	\$ 6,537	\$ 6,537
Loans payable	55,733	60,124	56,843	59,484
Mortgages payable	153,727	230,384	158,345	231,301
	\$ 217,624	\$ 298,672	\$ 221,725	\$ 297,322

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

The fair value of loans and mortgages payable is based on an estimation of the market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and applying this yield to the Corporation's debt. This approach is used because the Government of Nunavut does not issue debt.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

17. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

Recoveries in respect of:	2001	2000
Operations and maintenance		
Contributions to local housing organizations including interest expense	\$ 53,634	\$ 53,296
Repairs, maintenance, grants and other costs	4,329	4,290
	<u>\$ 57,963</u>	<u>\$ 57,586</u>

Under the terms of The Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC), effective April 1, 1999, the Corporation assumes full responsibility and liability for the management and administration of the programs specified in the Agreement, including some programs that were previously managed unilaterally by CMHC. In return for assuming these responsibilities and managing the programs in accordance with the Agreement, the Corporation will receive annual funding over the term of the Agreement which expires on March 31, 2038.

CMHC's ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NHC as Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NHC shall pay CMHC monthly and quarterly installments of principal and interest in return for CMHC's share of the book values of the respective assets. The obligation related to these assets has been accrued in long-term debt as at March 31, 2001 (Note 13). Consistent with previous agreements, the Corporation shall pay CMHC for its respective share of any gains realized upon the disposal of any assets that CMHC has an ownership interest.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

18. NET COST OF OPERATIONS – UNFUNDED ITEMS

The net cost is represented by the following unfunded expenses and recoveries:

	<u>2001</u>	<u>2000</u>
Amortization	\$ 16,588	\$ 14,007
Provision for impaired mortgages	1,442	3,335
Homeowner grants on inventoried units	1,007	-
Long-term portion of leave and termination benefits	99	9
Recovery of prior year grants	(166)	(172)
Gain/Loss on disposal of land and buildings	(489)	1,744
Mortgage subsidies	(609)	(2,069)
Capital lease obligation (principal portion)	(1,255)	-
Contribution for mortgage payable	(4,618)	(4,109)
Amortization of deferred capital contributions	(5,708)	(6,225)
	<u>\$ 6,291</u>	<u>\$ 6,520</u>

19. CONTINGENCIES

During 2000-2001, the Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 2001 a total of 5 (2000 – 4) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$572 (2000 – \$496).

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans is approximately \$4,519 as at March 31, 2001 (2000 – \$4,630).

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2001 (\$'000)

20. COMMITMENTS

The Corporation leases office space and rent supplement public housing units under operating lease agreements and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	<u>Total</u>
2002	759
2003	874
2004	874
2005	874
2006	806

21. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (Authorities, Associations, and Hamlets) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Nunavut Housing Corporation Act* and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. Details of contribution amounts, by district, are provided in Schedule 1. In addition, the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of Nunavut created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

22. COMPARATIVE FIGURES

Certain of the 2000 comparative figures have been reclassified to conform to the current year presentation.

CONTRIBUTIONS FOR SOCIAL HOUSING – SCHEDULE I

For the year ended March 31, 2001 (\$'000)

	<u>Kitikmeot</u>	<u>Kivalliq</u>	<u>Baffin</u>	<u>2001 Total</u>	<u>2002 Total</u>
Revenue					
Rental Assessments	\$ 1,114	1,515	3,206	5,835	\$ 5,526
Doubtful Accounts	(126)	(31)	(515)	(672)	(616)
Miscellaneous Income	167	174	391	732	531
<u>Total Revenue</u>	<u>1,155</u>	<u>1,658</u>	<u>3,082</u>	<u>5,895</u>	<u>5,441</u>
Expenditures					
Administration	1,354	1,739	3,671	6,764	6,190
Honorariums	29	71	124	224	216
Leasing	340	500	1,007	1,847	5,982
Maintenance and Repairs	3,243	4,319	6,238	13,800	14,373
Power	2,410	2,936	5,189	10,535	9,934
Fuel	2,044	2,804	3,616	8,464	7,245
Water and Sanitation	4,419	5,349	8,326	18,094	17,447
Taxes	245	313	1,123	1,681	1,433
<u>Total Expenditures</u>	<u>14,084</u>	<u>18,031</u>	<u>29,294</u>	<u>61,409</u>	<u>62,820</u>
Deficiency of Revenue over Expenditures	12,929	16,373	26,212	55,514	57,379
Deficits paid by Local Housing Organizations	(309)	(187)	(532)	(1,028)	(878)
Surpluses retained by Local Housing Organizations	266	70	46	382	74
<u>Total Local Housing Organization's Contribution</u>	<u>12,886</u>	<u>16,256</u>	<u>25,726</u>	<u>54,868</u>	<u>56,575</u>
<u>Contributions to Sponsor Groups</u>	<u>-</u>	<u>120</u>	<u>338</u>	<u>458</u>	<u>516</u>
<u>Total Contributions for Social Housing</u>	<u>\$ 12,886</u>	<u>16,376</u>	<u>26,064</u>	<u>55,326</u>	<u>\$ 57,091</u>

SCHEDULE OF ADMINISTRATION EXPENSES – SCHEDULE II

For the year ended March 31, 2001 (\$'000)

	<u>2001</u>	<u>2000</u>
Salaries and benefits	\$ 3,808	\$ 2,629
Professional and special services	988	652
Travel and relocation	951	605
Workshops & studies	197	58
Land title fees and expenses	119	153
Materials and supplies	82	69
Communications	58	104
Computer services	49	37
Miscellaneous	43	25
Building and equipment rentals	32	26
	\$ <u>6,327</u>	\$ <u>4,358</u>