

Our Mandate

Created in 2000 through the Nunavut Legislature by the Northwest Territories Housing Corporation (Nunavut) Act, our mandate as a Public Agency of the Government of Nunavut (GN) is to create, coordinate and administer housing programs so that we may provide fair access to a range of affordable housing options to families and individuals in Nunavut.

Our 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.

Our Vision

To ensure families and individuals in Nunavut have access to a range of affordable housing options.

Our Principles and Values

The Nunavut Housing Corporation believes in and strives for:

- Placing “human capital” – its employees, Local Housing Organization (LHO) partners, tenants and clients – first when targeting housing solutions for Nunavut residents;
- Recognizing the contribution the Corporation and LHO staff make to housing in Nunavut and providing them with the proper work environment and tools to enable them to maximize that contribution;
- Making a positive impact on the quality and affordability of housing;
- Quality of advice, assistance and support to LHOs, other client organizations and agencies, and individuals;
- Quality of property management services for Nunavut Public and Staff Housing;
- Ensuring housing services and support are provided in an equitable manner;
- Use of Inuit Qaujimajatuqangit (IQ) in Corporation decision-making; and
- Building constructive relationships with other governments, agencies, departments, and both community and Aboriginal organizations

Table of Contents

Letter of Transmittal.....	5
Minister's Message.....	7
President's Message.....	9
Corporate Overview.....	10
Core Business.....	10
Departmental Roles.....	11
Organizational Chart.....	12
Report on Operations.....	13
Priorities and Objectives.....	14
Management's Discussion.....	17
Advisory and Administration Services.....	17
Public Housing.....	17
Homeownership Programs.....	18
Staff Housing.....	19
Financial Report.....	20

Letter of Transmittal

The Honourable Ann Meekitjuk Hanson
Commissioner
Government of Nunavut

Dear Madam:

I have the honour of presenting the Annual Report for the Nunavut Housing Corporation, covering the period April 1, 2008 to March 31, 2009.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Hunter Tootoo", is positioned above the printed name.

Hunter Tootoo
Minister responsible for the Nunavut Housing Corporation

Minister's Message

The Nunavut Housing Corporation was very busy in its third year of constructing affordable housing in Nunavut under the \$200 million federal government's Northern Housing Trust (NHT). We are on target to construct 725 units which we committed to build via the NHT. The Corporation continues to investigate ways to improve economic development by unbundling the material supply components and having marshalling as a separate contract, which we believe provides Nunavut businesses with greater opportunity to compete for the tenders.

Other objectives of the Housing Trust Delivery Strategy are also being met. The number of registered apprentices continues to increase as pre-trades training is offered in more communities by Nunavut Arctic College. The goal of 60% Inuit involvement on the Housing Trust payroll is being achieved in most communities.

The Corporation continues to implement the recommendations presented in the performance audit prepared by the Office of the Auditor General.

The Corporation continues to look for opportunities to assist more Nunavummiut in becoming homeowners and to upgrade and repair their homes.

The Corporation continues to lobby for additional investment for housing in Nunavut. Now that the last of the material for the Housing Trust units have been delivered during the summer of 2009, new funding must be identified to not only address the overcrowding in Public Housing, but to ensure the continuation of training and apprenticeship programs.

The Corporation is committed to providing safe and affordable housing to Nunavummiut.

Sincerely,



Hon. Hunter Tootoo
Minister responsible for the Nunavut Housing Corporation

President's Message

2008/09 was a challenging yet successful year for the Nunavut Housing Corporation. Although the Corporation faced similar challenges as the Government of Nunavut in filling vacant positions, delivery of the \$200 million Nunavut Housing Trust advanced considerably as a direct result of the continued efforts of Corporation staff and of the Corporation's Local Housing Organization partners.

The material required to complete the delivery of the committed 725 new affordable units was ordered for the 2009 Sealift. The training component of the Nunavut Housing Trust has been equally successful with over fifty registered Nunavumiut apprentices engaged on Corporation worksites.

The fiscal year ended with the Government of Canada's announcement of a new two-year \$100 million Canada Mortgage and Housing Corporation construction initiative for Nunavut through Canada's Economic Action Plan. This funding represents 285 much needed new affordable units for Nunavut and as such is a welcome contribution towards controlling Nunavut's ever increasing housing shortage.

The Nunavut Housing Corporation has continued implementing the recommendations of the Office of the Auditor General of Canada, including work on the development of the NHC's corporate Strategic Plan.

The Nunavut Housing Corporation continues to work closely with its community partners, the Local Housing Organizations, in the delivery of its public housing and construction programs. An increase in training initiatives for LHO management, tenant relations and maintenance management, was a highlight of 2008/09 and will continue through 2009/10.

Through continued and enhanced support of its LHO partners, the Nunavut Housing Corporation is strategically positioning itself to better serve the housing needs of Nunavumiut.

Sincerely,



Alain Barriault
President,
Nunavut Housing Corporation

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 Northwest Territories Housing Corporation (Nunavut) Act. As such an agency, the Corporation is at arms-length from the GN and its operating boundaries are set out in Part IX of the Financial Administration Act, 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. This approach allows the Minister to maximize the effectiveness of the Corporation for the present and future benefits of Nunavummiut.

Status as a Crown corporation affords many advantages, including:

- The ability to enter into funding partnerships with others, principally the Canada Mortgage and Housing Corporation (CMHC). This means that Nunavut's transfer payments received from the federal government are not affected by the funding that the Corporation receives.
- The ability to carry over funds from one year to the next, ensuring that funds from all sources designated for housing initiatives remain dedicated to housing solutions.
- The stewardship of funds in the Capital and Operating and Maintenance pools, giving the Corporation full authority for the delivery of housing initiatives.

Consolidation

Effective April 1, 2005 the Corporation adopted Accounting Guideline 15: Consolidation of Variable Interest Entities (AcG-15) issued by the Canadian Institute of Chartered Accountants, which requires the consolidation of certain entities that are subject to control on a basis other than through ownership of a majority of voting interest.

There were 22 Local Housing Associations and Authorities consolidated with the financial statements of the Corporation for the 2008-2009 fiscal year.

Core Business

The Corporation offers multiple housing solutions including: providing education, training and support to Local Housing Organizations (LHOs) in the areas of administration, finance, program delivery and technical construction techniques and procedures; providing homeowner services in the area of finance, life skills and technical assistance; and coordinating housing-related lobby efforts on behalf of all Nunavut residents. These business services are organized in three distinct lines of delivery: Public Housing, Staff Housing and Homeownership.

Public Housing

The Corporation, through funding agreements with twenty-five LHO community partners, delivers financial resources to ensure Nunavut residents have access to Public Housing. LHOs are responsible for the complete care of a portfolio of over 4,267 units, from allocating Public Housing to residents, rental assessment and collection, to maintenance and repair.

Staff Housing

The Corporation administers the GN Staff Housing Program which includes leased and owned units on behalf of the GN, and provides policy support to enhance housing options and services available to GN staff in Nunavut. The LHOs have the responsibility of maintaining the units used for GN Staff Housing at a local level.

Homeownership

The Corporation homeownership and financing capital programs assist eligible residents who can afford the cost of homeownership to secure and to maintain their own housing. As well, client-counselling services are offered to homeowners. These services include, but are not limited to, consultations regarding new construction, renovation, bank financing, home budgeting and energy conservation in the home.

Departmental Roles

To administer the Corporation's programs, a small corporate team of eighty nine housing professionals work to make the Corporation an action oriented service delivery agency. Structured around five distinct offices, this cohesive group is further supported by a network of twenty-five Local Housing Organizations which provide a crucial link to Nunavummiut and their communities.

Directorate

The Executive is responsible for managing the Corporation to ensure consistency in all its activities across Nunavut, including the application of policies, standards and procedures, and the delivery of programs. It also oversees the development of long-range strategies, policies, and operational guidelines on corporate matters for the Minister responsible for the Nunavut Housing Corporation and for the Executive Council (Cabinet). As well, it ensures that programs are delivered according to the Corporation's funding agreements with Canada Mortgage and Housing Corporation (CMHC).

Corporate Headquarters

Corporate Headquarters works on the development of corporate policy, strategic planning and communications related to key program areas. It provides support to the Minister, the Corporate Executive and the District Offices. It coordinates the preparation, monitoring and reporting of the corporate operations and maintenance and capital budgets, administers the loan portfolio and provides accounting and treasury services. It also provides support to the District Offices in the areas of programs, contracting, project management, design and maintenance.

District Offices

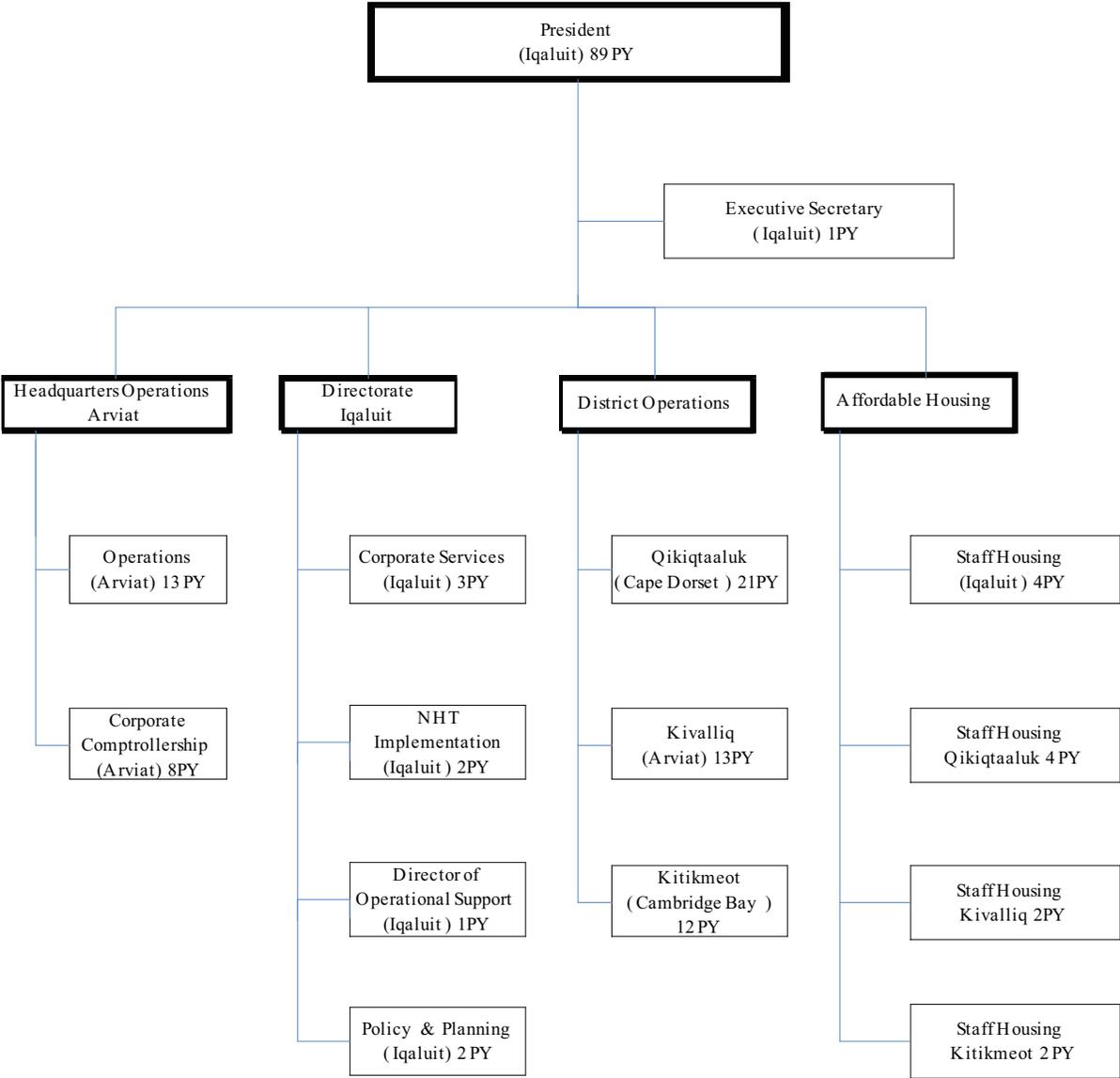
The Corporation's District Offices manage and provide support in the delivery of programs and services to the communities. District Offices set regional priorities and work with LHOs and individual clients to ensure programs delivered are of appropriate standards through monitoring and assessment. The District Office is responsible for ensuring the construction program is successful within its region. It is also responsible for developing a positive relationship with other government departments and agencies.

Local Housing Organizations (LHOs)

The Corporation partners with LHOs and, in some cases, with municipalities or hamlets who have assumed responsibility for housing services at a local level. Our community partners provide most of the day-to-day activities associated with program delivery to individuals and families.

Virtually all LHOs are formed as independent organizations under the Societies Act (Housing Associations); one exception to this is the Iqaluit Housing Authority, which was formed under the Northwest Territories Housing Corporation (Nunavut) Act.

Organizational Chart



Report on Operations

Headquarters

The 2008/2009 was the third year of the Corporation's delivery of affordable housing units under the \$200 million of the Northern Housing Trust allocated to Nunavut by the Federal Government.

Most of the construction under the Housing Trust consists of the new five-plex housing design that is constructed to maximize energy efficiency and to support traditional activities and lifestyles.

The Corporation continued to seek ways to improve local economic development by further unbundling contracts using amended NNI (Nunavummi Nangminiqagtunik Ikajuuti) policies geared towards assisting Nunavummiut. This means separate tenders were issued for material procurement and supply, and for labour and marshalling as we construct both public housing under the Housing Trust and staff housing.

The Corporation's Rent Scale for public housing continues to be acceptable to clients as it takes away the disincentive to pursue employment opportunities for youth living in the home who are under the age of 25.

Districts

District Operations are focused on delivering the Corporation's major lines of business, namely the Public Housing, GN Staff Housing, Homeownership Programs and the Modernization and Improvement Program.

The District staff are seeing their responsibilities increase as they continue to support the LHOs.

The NHC offers other homeownership programs geared towards assisting homeowners throughout the life of their home, such as the Emergency Repair Program, Home Renovation Program, the Senior Citizen Home Repair Program and the Seniors and Disabled Persons Preventative Maintenance Program. The Corporation also offers homeownership programs geared towards the purchase of a new and existing home such as the Nunavut Downpayment Assistance Program. In September 2007, Cabinet approved to eliminate the Northern, Settlement and Isolation Posting Allowances from the assessable incomes of clients seeking assistance under the homeownership programs, ensuring a more uniform accessibility to the programs by all Nunavummiut.

Priorities and Objectives

The Corporation's priorities and objectives for the fiscal year 2008/2009:

Core Business

- Strengthen LHO financial management by the NHC paying directly the non-controllable utility expenses for LHOs and allowing them to dedicate their resources to increased internal financial management on administration, maintenance and collection of rents;

Status: Ongoing. The NHC is working on developing a database to ensure that the Corporation can take over direct payment of non-controllable utility expenses on behalf of LHOs. To be completed in 2009/10.

- Continue to partner with other departments and agencies to achieve objectives for specific projects for LHO enhancement. e.g., water and sewer project.

Status: Ongoing. The NHC continues to be committed to exploring inter-departmental and inter-agency efforts to improve the efficient operation of LHOs. At present, the NHC is working closely with the Department of Community and Government Services to identify land for new construction, allowing LHO deliveries for new construction to take place in a timely manner.

- Break down tendering into commodity groups for further savings through sole source contracting (e.g. drywall, roofing, and looking at getting distributor pricing).

Status: Materials are publicly tendered in ten commodity groups, with the objective of supporting the ability of Nunavut-based companies to bid on commodity groups.

- Investigate ways to reduce energy and water use and build on M&I energy efficiency report and review increased options.

Status: All NHC housing constructed over the past three years under the NHT has been superior to that constructed earlier. Energy

efficient components such as the use of triple glazed windows, improved insulation throughout the building envelope and the use of more energy efficient appliances have contributed to reduce both fuel and electricity consumption. The NHC is also working to reduce water consumption by the use of flow restrictors on showerheads and other domestic plumbing fixtures and the installation of low-flow toilets under the Public Housing Program and the Modernization and Improvement Program.

Public Housing

- Track NHT initiatives to ensure delivery of 725 units with a view to cost control.

Status: NHT units delivered throughout 2008/09 were carefully monitored to ensure accurate reporting and up-to-date statistics on percentage of completion so as to identify projects experiencing delays, and to take appropriate corrective measures.

- Continue to review 2007 delivery schedule and make adjustments as required to ensure enhanced 2008 delivery.

Status: Regular meetings with the Senior Management Committee of the NHC continued to address NHT delivery. In addition, the inter-departmental Working Group meets regularly under the chairmanship of the Vice-President of the Nunavut Housing Trust.

- Prepare a plan for using LHOs to develop the workforce in Nunavut communities.

Status: Ongoing. Developing a local workforce includes establishing LHO partnerships where there is no viable contractor base; as well as providing 20 pre-trades courses in various communities across Nunavut. The latter effort includes an opportunity for pre-trades candidates to challenge the trades entrance exam upon completion of the pre-trades course.

- Look at developing an LHO construction arm where there is no community contracting base and developing an established local workforce for construction.

Status: Ongoing. Evaluation of LHO partnership arrangements continues to develop the construction base in communities that have no viable construction firms. Evaluation of this initiative is ongoing and adaptive to changing circumstance and is therefore subject to change as local firms are increasingly capable of delivering housing in partnership with the NHC.

Staff Housing

- Provide an increased range of options to GN employees to encourage homeownership.

Status: Ongoing. The Staff Housing Division of the NHC is continuing to develop, market, and offer for sale new and existing affordable condominiums, with a focus on developing the NHC's Condominium Program initially in Iqaluit, Rankin Inlet and Cambridge Bay.

- Increase the coordination of new staff housing provision with NHC and GN Capital Plan.

Status: Ongoing. The NHC is developing additional Staff Housing, via the NHT, in communities where Staff Housing does not adequately meet GN Staff Housing requirements. The NHC is working to identify and decrease the number of excess units in certain communities, and to re-structure the portfolio in the identified communities. By decreasing the number of excess units in identified communities, available funding will be used to acquire additional Staff Housing units in the communities with high demand.

- Identification of training and staffing opportunities for beneficiaries within the Staff Housing Division.

Status: Ongoing. In 2008/09, the Staff Housing Division hired four Beneficiaries, all of whom received training from the Property Management Officers/District Directors.

Homeownership

- Provide enhanced financial counseling for clients of Homeownership programs.

Status: Providing counseling to clients of NHC Homeownership Programs is a requirement for many NHC Homeownership Programs. In addition, the NHC has placed a particular importance on the provision of counseling to senior homeowners to ensure that they are aware of all of the options available prior to making any decisions regarding their dwellings. NHC programs staff continue to hold public meetings and workshops to provide information about homeownership and the various NHC programs as well as counsel clients on an individual basis as and when required.

- Provide more training to NHC staff in mortgage administration and financial counseling.

Status: NHC programs, finance and homeownership policy staff have been trained or had their skills refreshed with regards to the Mortgage Administration System (MAS). This included advice on dealing with clients concerning mortgage balances, arrears and verification of incomes. Updated policies and procedures for Mortgage Administration and data entry were developed and implemented to ensure the accurate and diligent administration of the mortgages.

- Establish mortgage collection processes and re-financing procedures for impaired mortgages.

Status: *Updated policies and procedures for dealing with impaired mortgages were developed and implemented and NHC staff is currently working on a case-by-case basis to resolve issues with impaired mortgages*

- Prepare and introduce a program to assist GN staff to move from Staff Housing into homeownership.

Status: *In addition to improving such programs as NDAP through changes to income limits allowing more prospective applicants to qualify, the NHC has begun to enhance its GN Staff Condominium Program.*

- Conduct a homeowner information campaign with Energy Centre to promote energy efficiency.

Status: *Homeowners can avail of funds from the NHC to make their homes more energy efficient. The Corporation promotes wise energy use through its Homeowners Energy Efficiency Rebate Program, which encourages the purchase of energy efficient appliances for the home. For the 2008/09 fiscal year, the NHC assisted 136 Nunavut homeowners through the HEERP, for a total of \$133,194 in financial assistance. The Home Renovation Program also contains a component for making the home more energy efficient.*

- Promote condominium homeownership options in Iqaluit, Rankin Inlet, and Cambridge Bay by moving forward with converting existing units into condominiums and by actively promoting the condominium option.

Status: *Preliminary work has commenced on converting the “Falcon” building in Iqaluit from Staff Housing units to condominiums. Common elements have been identified and the development of by-laws, declarations and establishment of a condominium corporation will be completed by late spring of 2009. A survey was sent to all GN employees on February 20, 2009, to identify the interest of purchasing a Condominium. A high number of survey results have been received but final numbers will not be available until mid-April. If interest presents positively from GN employees, the Falcon Building located on the Road to Nowhere will be offered for sale as individual Condominium units.*

Management's Discussion

Advisory and Administration Services

Administration

In 2008/09, administration costs (not including administration related to Staff Housing) increased from \$14.211 million to \$17.768 million primarily due to increase in professional and special services costs and travel and relocation.

Revenues and Recoveries

Revenues and recoveries decreased by \$.9 million in 2008/09 primarily due to a decrease in investment revenue and mortgage subsidy recovery.

Equity

The Nunavut Housing Corporation is showing an equity surplus of \$10.536 million. This is primarily due to the adjustment eliminating the CMHC mortgages for financial statement purposes in 2006/07.

Public Housing

In 2008/2009, the Corporation did not write off any bad debts.

Operation and Maintenance (O&M) for Social Housing

In 2008/2009 the consolidation of the LHO financial statements required a line by line reporting of the LHO results in the consolidated financial statements of the Corporation.

Therefore Social Housing Programs now consist of a single line on the Consolidated Statement of Operations with the following categories identified in Note 23: LHO Administration, Utilities, taxes and land leases, Demand and preventive maintenance, Contributions for social housing – Hamlets, Leasing, and Bad Debt from the LHOs; plus Amortization, Interest on long term debt, Repairs for modernization and improvements and Sponsor Groups from the Corporation. The amount increased from \$117.143 million in 2007/2008 to \$125.874 million in 2008/2009, an increase of \$8.731 million.

Public Housing – Capital Projects

During 2008/2009, the Corporation saw construction continuing on public housing units. To date, we have completed or have in progress 726 units that will be added to the public housing inventory as a result of the Canada-Nunavut Infrastructure Fund Agreement on Social Housing and the Nunavut Housing Trust. A new five-plex housing design, which incorporated new energy efficient and more culturally sensitive features, represents an important part of the types of units constructed.

Breakdown of New Construction under the Public Housing Program

Public Housing New Construction*

	Units	Expenditure
Kitikmeot	165	\$16,412,788
Kivalliq	244	\$23,521,569
Qikiqtaaluk	317	\$38,620,484
Total	726	\$78,554,841

*Note: All projects were complete or in progress at year end.

Public Housing - Repairs and Maintenance

The Corporation is responsible for approximately 4,267 units in the public housing portfolio. The Repairs and Maintenance Program ensures the health, safety and suitability of these units. In 2008/2009, \$ 4.705 million was used for repairs and maintenance and minor improvements. Funding for the program came from the following sources:

- GN \$ 415,000
- CMHC \$ 4,290,000

Homeownership Programs

Through its Homeownership Programs and financing options, the Corporation assists eligible residents who can afford the costs of homeownership to secure and maintain their own housing.

The Corporation offers a number of programs to homeowners with funding received from both the GN and CMHC.

Actual programs delivered and percentage of any one program depends on homeowner demand in each area/community. District Directors are charged with the responsibility of apportioning their funding appropriately. Demand for these programs is high. To ensure fairness, each district uses a priority allocation rating system to determine application approval. In 2008/09 Homeownership Programs staff approved and processed 631 applications.

GN/CMHC funded:

- Emergency Repair (ERP) – up to \$15,000 per client
- Home Renovation (HRP) – up to \$50,000 per client
- Senior Citizen Home Repair (SCHR) – up to \$15,000 (plus shipping) per client

GN funded:

Nunavut Downpayment Assistance (NDAP) – provides assistance to eligible clients depending upon the community and type of home. In Iqaluit, Rankin Inlet and Cambridge Bay assistance is from \$30,000 for an existing unit or \$50,000 for new construction. In all other communities the amount is \$45,000 for an existing unit and \$75,000 for new construction.

Seniors and Disabled Persons Preventative Maintenance Program (SDPPMP) - provides a \$1,500 annual grant to eligible seniors and disabled persons to undertake preventative maintenance on their homes.

The Corporation introduced a new Homeownership Program during the 2007/08 fiscal year called the Homeowner Energy Efficiency Rebate Program (HEERP) which provides up to a maximum rebate of \$1,000 by way of a 50% rebate of eligible costs for homeowners to improve the energy efficiency of their homes.

In 2008/2009, \$7.682 million was spent on Homeownership Programs. Funding for these programs came from the following sources:

- GN \$ 7,102,000
- CMHC \$ 580,000

Breakdown of homeownership spending by region and by program*

	Kitikmeot	Kivalliq	Qikiqtaaluk	Total
SCHRP	-	\$ 32,000	\$ 25,000	\$ 57,000
ERP	\$ 110,000	\$ 253,000	\$ 318,000	\$ 681,000
NDAP	\$ 110,000	\$ 515,000	\$ 1,900,000	\$ 2,525,000
HRP/RRAP	\$ 268,000	\$ 1,258,000	\$ 2,530,000	\$ 4,056,000
MAP		\$ 72,000	\$ 127,000	\$ 199,000
SDPPMP	\$ 6,000		\$ 4,000	\$ 10,000
HEERP	\$ 18,000	\$ 80,000	\$ 56,000	\$ 154,000
Total	\$ 512,000	\$ 2,210,000	\$ 4,960,000	\$ 7,682,000

*Note: All projects were complete or in progress at year end.

GN Staff Housing

Through the GN Staff Housing Program, the Corporation provides subsidized rental units to GN staff, as well as a range of housing-related programs and services to support eligible staff.

The GN Staff Housing inventory is administered by the Corporation and includes over 1,348 units. Of these, approximately 245 are owned by the Corporation; the remainder (approximately 82% of the Staff Housing portfolio) is leased. Over time, the Corporation will need to address the composition of this portfolio with a view towards rebalancing its assets. However, steps are being taken to increase the range of housing options available to GN staff.

GN Staff Housing Program

In 2008/09 costs related to the Staff Housing program increased from \$39.5 million to \$41.756 million, an increase of \$2.256 million. This is primarily due to increases in utilities, as well as increases in the number of leases under the Staff Housing Program. Revenues for Staff Housing rents are retained by the Government of Nunavut.

Consolidated Financial Statements

Management Responsibility for Financial Reporting.....	21
Auditor’s Report.....	22
Consolidated Balance Sheet.....	23
Consolidated Statement of Operations and Comprehensive Income.....	24
Consolidated Statement of Surplus.....	25
Consolidated Statement of Cash Flows.....	26
Notes to the Consolidated Financial Statements.....	27

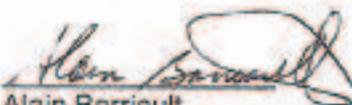
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Hunter Tootoo
Minister Responsible for the Nunavut Housing Corporation

The accompanying consolidated financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgments based on careful consideration of information available to Management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act of Nunavut*, the *Nunavut Housing Corporation Act* and policies of the Corporation. 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 Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



Alain Barriault
President



Lori Kimball, CGA
Chief Financial Officer

Iqaluit, Nunavut

January 29, 2010



AUDITOR'S REPORT

To the Minister responsible for the Nunavut Housing Corporation

I have audited the consolidated balance sheet of the Nunavut Housing Corporation as at March 31, 2009 and the consolidated statements of operations and comprehensive income, surplus 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.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an 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.

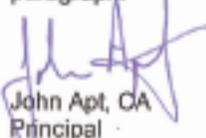
Accounting Guideline 15: Consolidation of Variable Interest Entities required the Nunavut Housing Corporation to consolidate the financial statements of twenty-two Local Housing Organizations. Inventories acquired by the Local Housing Organizations are expensed in the year of acquisition. Canadian generally accepted accounting principles require inventories to be recognized as an asset when acquired and recognized as an expense when used. Local Housing Organizations' inventories were not counted at the beginning or at the end of the year, and I was not able to satisfy myself concerning those inventory quantities by alternative means. Since inventories impact the balance sheet and enter into the determination of the results of operations and cash flows, I was unable to determine whether adjustments to the balance sheet, maintenance expense, net results of operations for the year, surplus and cash provided from operations might be necessary.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to examine opening and ending inventory quantities, as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 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* of Nunavut, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

The Auditor's Report for the 2008 fiscal year also contained a similar qualification.

Under section 100(1) of the *Financial Administration Act* of Nunavut, every public agency is required to submit its annual report to the appropriate Minister no later than ninety days after the end of its financial year. The Corporation did not meet this deadline.

Further, in my opinion, proper books of account have been kept by the Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of Nunavut and regulations and the *Nunavut Housing Corporation Act* and regulations, with the exception that the Corporation did not meet its statutory deadline for submitting its annual report to its Minister as described in the above paragraph.



John Apt, CA
Principal

for the Auditor General of Canada

Ottawa, Canada
January 29, 2010

Nunavut Housing Corporation

Consolidated Balance Sheet, as at March 31, 2009 (*thousands of dollars*)

	2009	2008 (restated - Note 3)
ASSETS		
<i>Current</i>		
Cash and cash equivalents (Note 5)	\$ 54,690	\$ 113,657
Accounts receivable (Note 7)	75,164	26,341
Prepaid expenses (Note 8)	1,019	2,387
	<hr/> 130,873	<hr/> 142,385
<i>Investments</i>		
Current portion (Note 6)	-	1,206
Fixedterm (Note 6)	9,143	7,699
	<hr/> 9,143	<hr/> 8,905
<i>Investment in housing projects</i>		
Land and buildings (Note 9.a)	436,854	376,683
Mortgage receivable (Note 9.b)	2,962	3,180
Direct financing lease	392	401
	<hr/> 440,208	<hr/> 380,264
Property and equipment (Note 10)	6,925	7,200
	<hr/> \$ 587,149	<hr/> \$ 538,754
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued liabilities (Note 11)	\$ 49,591	\$ 53,837
Security deposits	254	236
Due to the Government of Nunavut (Note 12)	3,934	6,360
Capital funding advanced (Note 13)	63,714	70,111
Current portion of long term debt (Note 14)	914	854
Current portion of obligations under capital leases (Note 15)	3,089	2,839
	<hr/> 121,496	<hr/> 134,237
<i>Long Term</i>		
Longterm debt (Note 14)	18,415	19,329
Obligations under capital leases (Note 15)	20,868	23,957
Employee future benefits (Note 16)	833	778
Deferred capital funding (Note 17)	415,001	351,993
	<hr/> 455,117	<hr/> 396,057
	<hr/> 576,613	<hr/> 530,294
EQUITY		
Surplus	10,536	8,460
	<hr/> \$ 587,149	<hr/> \$ 538,754

Contingencies and Commitments (Note 20 and 21 respectively)

Approved by Management:



Alain Barriault, President



Lori Kimball, CGA, Chief Financial Officer

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

Nunavut Housing Corporation

Consolidated Statement of Operations and Comprehensive Income, for the year ended March 31, 2009
(thousands of dollars)

	2009	2008
EXPENSES		
Social housing programs (Note 23)	\$ 125,874	\$ 117,142
Homeownership programs (Note 24)	7,682	7,010
Staff housing programs (Note 25)	41,756	39,500
Corporate administration (Note 26)	17,768	14,211
	193,080	177,863
REVENUES AND RECOVERIES		
Public housing rental revenue	9,815	8,691
Investment revenue	2,995	4,103
Other revenue and recoveries	1,231	1,208
Mortgage subsidy recovery	843	2,438
Recovery of homeowner's assistance	748	380
Impaired mortgage recovery	278	-
Mortgage interest revenue	237	219
	16,147	17,039
Net results of operations prior to government funding	(176,933)	(160,824)
GOVERNMENT FUNDING		
Government of Nunavut	131,589	115,295
Canada Mortgage and Housing Corporation (Note 19)	31,050	31,986
Recovery of deferred capital funding condo sale	-	75
Amortization of deferred capital funding (Note 17)	16,370	14,615
	179,009	161,971
Net results of operations and comprehensive income	\$ 2,076	\$ 1,147

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

Nunavut Housing Corporation

Consolidated Statement of Surplus, for the year ended March 31, 2009 (*thousands of dollars*)

	2009	2008
SURPLUS AT BEGINNING OF YEAR	\$ 8,460	\$ 7,155
Transitional adjustment on adoption of new accounting standards for financial instruments	-	158
Net results of operations and comprehensive income	2,076	1,147
SURPLUS AT END OF YEAR	\$ 10,536	\$ 8,460

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

Nunavut Housing Corporation

Consolidated Statement of Cash Flows, for the year ended March 31, 2009 (*thousands of dollars*)

OPERATING ACTIVITIES:

Cash received from:		
Government of Nunavut	\$ 138,550	\$ 110,639
Canada Mortgage and Housing Corporation	31,053	32,197
Rent collections	8,042	7,584
Miscellaneous revenues and recoveries	5,048	4,772
	<hr/> 182,693	<hr/> 155,192
Cash used for:		
Contributions for social housing	(99,549)	(85,864)
Staff housing	(38,019)	(36,380)
Administration	(15,035)	(10,922)
Homeownership grants and contributions	(6,282)	(7,388)
Repairs, maintenance, & other costs	(6,588)	(4,907)
Interest on longterm debt	(3,658)	(3,692)
	<hr/> (169,131)	<hr/> (149,153)
 Total cash provided by operating activities	 13,562	 6,039

FINANCING ACTIVITIES

Funding from Government of Nunavut for purchase of capital assets	10,892	136,316
Funding from Infrastructure Canada for capital assets	-	9,065
Repayment of longterm debt and capital lease	(3,693)	(3,393)
Total cash provided by financing activities	<hr/> 7,199	<hr/> 141,988

INVESTING ACTIVITIES

Capital assets purchased	(82,435)	(54,552)
Mortgage funds dispersed	-	(1,200)
Fixed-term investments purchased	(238)	(12)
Sale of capital assets	113	94
Recovery of homeowner's assistance	748	400
Mortgage payments received	2,084	1,161
Total cash used in investing activities	<hr/> (79,728)	<hr/> (54,109)

Net (decrease) increase in cash	(58,967)	93,918
Cash and cash equivalents, beginning of year	113,657	19,739
Cash and cash equivalents, end of year	\$ 54,690	\$ 113,657

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

Nunavut Housing Corporation

Notes to the Consolidated Financial Statements, for the year ended March 31, 2009 (*thousands of dollars*)

1. Purpose of the Organization

The Nunavut Housing Corporation (the Corporation), established under the Nunavut Housing Corporation Act, is a Territorial Crown corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

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 and Staff Housing Programs in the Nunavut Territory.

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

These consolidated financial statements are prepared including 22 Local Housing Organizations (LHOs). These organizations are accountable to, and controlled by, the Corporation.

2. Significant Accounting Policies

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

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and, as required by Accounting Guideline 15 (AcG15): Consolidation of Variable Interest Entities issued by the Canadian Institute of Chartered Accountants, the accounts of Local Housing Associations and Authorities, variable interest entities (VIEs) for which the Corporation is exposed to the majority of their operational risks and rewards. The consolidated financial statements include the accounts of the Corporation and 22 LHOs (2008 22 LHOs) that are fully consolidated. All significant interentity transactions and balances have been eliminated upon consolidation.

(b) Contributions for social housing

Housing units owned or leased by the Corporation are operated by local housing associations, authorities and municipalities (hamlets) under agreements. Contributions to municipalities (hamlets) under similar agreements, for annual operating requirements of these owned or leased units, net of rental revenues collected, are recorded on an accrual basis but only to the extent of the Corporation's agreed upon contributions to them.

The Corporation provides subsidy assistance to various nonprofit housing sponsor groups and cooperatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

(c) Revenue recognition

Legislative appropriations are restricted subject to the provisions of Section 20 of the Nunavut Housing Corporation Act, Part IX of the Financial Administration Act, and an Agreement between the Corporation and the Government of Nunavut. Accordingly, appropriations received are recognized as revenue in the year in which the funding is appropriated or receivable.

Capital appropriations are recorded in the year appropriated. Capital appropriations used to purchase depreciable capital assets are recorded as deferred capital funding in the year in which the related expenditures are incurred and are amortized on the same basis and over the same period as the related capital assets. The unused portion is recorded as capital funding advanced and is recognized as deferred capital funding when used. The funds used for the longterm debt principal repayments are reported on the Consolidated Statement of Operations and Comprehensive Income as funding from the Government of Nunavut.

Public housing rental revenue is recognized on an accrual basis. An allowance is setup for any amounts deemed not recoverable and is netted against rental revenue.

Federal funding from Canada Mortgage and Housing Corporation (CMHC) is restricted under provisions of the Social Housing Agreement. Accordingly, federal funding is recognized as revenue in the year in which the related expenses are incurred.

Federal funding for the repayment of loans towards the purchase of capital assets approximates the annual amortization expense of these assets and are recognized in the year received.

Federal funding from CMHC, provided under the Affordable Housing Program agreement and from Infrastructure Canada, are credited against the capital costs of housing units built under these programs.

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 is composed of net minimum lease payments less unearned finance income. This amount is included in other revenue and recoveries on the Consolidated Statement of Operations and Comprehensive Income.

(d) Cash and cash equivalents

Cash includes security deposits and cash being held by an investment company. Cash equivalents represent short-term, highly liquid investments. Cash equivalents are recorded at the lower of cost or market value with a term not exceeding 90 days.

(e) Investments

Fixed-term investments are classified as held for trading financial assets and are accounted for at fair value with changes in fair value recognized in the net results of operations each period. Interest income is recorded on an accrual basis.

**(f) Investment in housing projects
– land and buildings**

Land and buildings constructed or purchased by the Corporation for the rental portfolio are stated at cost. Buildings transferred to the Corporation from CMHC or the government, are stated at their respective book value when transferred. Construction in progress includes amounts which may be transferred to land and buildings for rental programs and are carried at cost. Construction in progress and housing for sale include amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at lower of cost and estimated realizable value. Housing materials are valued at lower of cost and net realizable value.

Social and staff 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 as the discounted net present value of

the minimum lease payments and is amortized using the straightline 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 calculated using the effective interest method and is included in interest on long-term debt. Amortization of social housing, lease to purchase housing and staff housing is done using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed or transferred into one of the depreciable asset categories and are taken for the full year.

Housing for sale and construction in progress are not amortized.

A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title back to the Corporation for a nominal fee. The fair value of quit claim units included in investment in housing are determined to be the original purchase price less amortization from the original purchase date to the date the quit claim occurred. This approximates fair value of the assets recovered.

**(g) Investment in housing projects
– mortgages receivable**

(i) Mortgage subsidies

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 Consolidated Statement of Operations and Comprehensive Income in the year the mortgage is approved and are recorded as mortgage subsidies.

Accordingly, the mortgage receivable balance represents the present value of the expected future payments from clients on the mortgages, net of an allowance for impairment.

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.

**(ii) Allowance for impaired
mortgages**

Mortgages are considered impaired when 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 carrying value of mortgages specifically identified as impaired to net realizable value. Management has determined that a fair value of zero to all impaired mortgages is appropriate as there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of the timely collection of the principal or interest. Impaired mortgages would be restored to performing status only when payments have been received for those amounts in arrears, and there is reasonable assurance of full and timely collection of principal and interest. These restored mortgages are accounted for as a recovery of the provision for impaired mortgages on the Consolidated Statement of Operations and Comprehensive Income.

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

(h) Mortgage interest revenue

Interest income on mortgages is recorded on an accrual basis. When a mortgage becomes impaired, the accrual of interest ceases and any previously accrued but unpaid interest is reversed against mortgage interest revenue. Thereafter, interest income is recognized on a cash basis, but only after prior writeoffs arising from credit losses and the allowance for impairment have been recovered.

(i) Property and equipment

Property and equipment are recorded at amortized cost. Mobile equipment includes transportation type vehicles. Amortization is provided using the following methods and annual rates:

- Office furniture, equipment and mobile equipment – Declining balance 20%.
- Warehouses and offices – Declining balance 5%.
- Leasehold improvements are amortized on a straightline basis over the term of the leases.

(j) Public Service Pension Plan

Employees of the Corporation participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. Employees of the LHOs are not employees of the public service and therefore do not participate in the plan. The Corporation's contributions reflect the full cost as employer. This amount is based on a multiple of an employees' contributions and may fluctuate over time, depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

(k) Employee future benefits

Under the terms and conditions of employment, employees may earn severance and relocation out benefits based on years of service. The cost of severance benefits is accrued as a liability as employees render service and is determined based on management's best estimates. This benefit plan is not prefunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Relocation out benefits provides employees who terminate their employment with the Corporation, financial assistance for their move from the community of residence. The cost of relocation out benefits is the responsibility of the Government of Nunavut and is included in the calculation of services provided without charge to the Corporation.

(l) Measurement uncertainty

The preparation of financial statements in accordance with GAAP requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses and disclosures of contingent liabilities 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 management of the Corporation believes the estimates and assumptions to be reasonable. Where actual results differ from these estimates and assumptions, the impact will be recorded in periods in which the actual results become known.

Some of the more significant management estimates and assumptions include those related to: the fair value of financial instruments; employee future benefits; valuation of social and staff housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies.

(m) Financial instruments

All financial instruments which meet the definition of a financial asset or financial liability are initially recorded at fair value, unless fair value cannot be reliably determined. The estimated fair values of most of these financial instruments are assumed to approximate their carrying amounts due to the relatively short period to maturity. Transaction costs are expensed as incurred. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net results from operations or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification determined by the Corporation.

The Corporation's classification, designation and measurement of financial instruments is as follows:

- Cash and cash equivalents and fixed-term investments are classified as held for trading and are subsequently measured at fair value. Gains and losses arising from changes in the fair value of these financial instruments are recorded in investment income in the period in which they arise.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. Mortgages receivable are considered to be held-to-maturity investments and are subsequently measured at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities, Due to the Government of Nunavut, capital funding advanced and long-term debt are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method.
- Trade date accounting is used for purchases and sales of financial assets.

(n) Due (to)/from the Government of Nunavut

The Government of Nunavut makes an appropriation to the Corporation to fund its nonconsolidated operations and principal repayments of longterm debt. The amount of funding recorded in the consolidated financial statements is dependent upon actual expenses incurred for the year. Amounts appropriated in excess of the actual expenses at yearend are carried forward as a noninterestbearing advance for the following year. Amounts spent in advance of the funding are normally due from the Government of Nunavut and are normally carried forward to be funded from future year's funding unless otherwise directed by the Financial Management Board.

(o) Capital funding advanced

The Government of Nunavut makes an appropriation to the Corporation for its nonconsolidated capital acquisitions, modernizations and improvements, homeownership programs and other costs. The amount of funding expended is either recorded as capital acquisitions or minor capital expenditures during the year. The amount appropriated in excess of those expended is recorded as capital funding advanced.

(p) Services provided without charge

The Corporation receives payroll processing services, human resource support, information technology support, office accommodations and employee benefits without charge from the Government of Nunavut recorded at the Corporation's proportionate share of the carrying amount of the GN costs.

(q) Inventories

Inventories are expensed in the year in which they are acquired.

(r) Future accounting changes

The Canadian Institute of Chartered Accountants (CICA) issued new accounting standards which will be in effect for the Corporation's 2009/2010 fiscal year.

(i) Goodwill and Intangible Assets

The CICA has issued Section 3064 ("Goodwill and Intangible Assets"), which replaces Section 3062 ("Goodwill and Other Intangible Assets") and Section 3450 ("Research and Development Costs") and is effective for financial statements relating to fiscal years beginning on or after October 1, 2008. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets (such as systems development costs). Management expects that adoption of the new standard will not have a material impact on the Corporation's consolidated financial statements.

(ii) Public Sector Accounting (PSA)

In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards of the PSA Handbook. This amendment eliminated the Government Business Type Organizations (GBTO) classification and entities currently classified as GBTO are required to reassess their classification.

Under the revised introduction, the Nunavut Housing Corporation (NHC) is classified as an Other Government Organization (OGO). As an OGO, NHC has determined the most appropriate basis of accounting to meet the needs of the users of its financial statements to be the standards issued by the Public Sector Accounting Board. NHC will adopt the standards issued by the Public Sector Accounting Board for its fiscal year beginning April 1, 2011. NHC is currently evaluating the impact of the adoption of these standards.

(iii) Financial Instruments – Disclosures

In June 2009, the CICA made amendments to Section 3862 ("Financial Instruments") to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements for publicly accountable enterprises and other entities that choose to apply this Section. These amendments apply to the Corporations' fiscal year ended March 31, 2010.

3. Restatement of 2008 Consolidated Financial Statements

(i) The 2008 consolidated financial statements have been restated to correct the following error:

- The Nunavut Housing Corporation has determined some components for the construction of houses purchased prior to March 31, 2008 were not recorded in the 2008 fiscal year. The items should have been recorded in the March 31, 2008 consolidated financial statements. To correct this error, the land and building, accounts payable, capital funding advanced and deferred capital funding accounts have been restated. There was no impact on equity or Statement of Operations and Comprehensive Income, as a result of these corrections.

The net effect of the correction of this error is reflected in the following table:

2008	
Balance Sheet:	
Increase in Land and Buildings	\$ 13,799
Increase in Accounts Payable	(13,799)
Decrease in Capital Funding Advanced	13,799
Increase in Deferred Capital Funding	(13,799)

4. Adoption of New Accounting Standards

The Canadian Institute of Chartered Accountants (CICA) issued the following new accounting standards which became effective for Corporation's fiscal year ended March 31, 2009.

Section 1400 General Standards of Financial Statement Presentation – This standard includes requirements to assess and disclose NHC's ability to continue as a going concern. The adoption of this new standard did not impact on the Corporation's financial position or results of operations.

Section 1535 – Capital Disclosure – The Canadian Institute of Chartered Accountants (“CICA”) Handbook requires the NHC to disclose information that enables users of its financial statements to evaluate NHC's objectives, policies and processes for managing capital, quantitative information about what the NHC regards as capital and disclosures of any externally imposed capital requirements, as well as the consequences for noncompliance. As this accounting standard only addresses disclosure requirements, there was no impact on the Corporation's financial position or results of operations. The NHC has provided for the required disclosure in Note 27.

Section 3031 – Inventory – The CICA Handbook has replaced Section 3030 Inventories, and this new section provides changes to the measurement and more extensive guidance on the determination of cost, narrows permitted cost formulas, requires impairment testing, and expands the disclosure requirements to increase transparency. The NHC accounting policy is to expense inventories in the year of acquisition. As a result, the NHC has not adopted Section 3031.

Section 3862 – Financial Instruments – Disclosure – The CICA Handbook requires disclosures that enable users to evaluate the significance of financial instruments on the NHC's financial position and performance; the nature and extent of risks arising from financial instruments to which the NHC is exposed during the period and at the balance sheet date; and how the NHC manages those risks. Please refer to Note 18 for the required disclosures made by the NHC.

Section 3863 – Financial Instruments – Presentation – The CICA Handbook establishes standards for presentation of financial instruments and nonfinancial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equities, the classification of related interest, dividends, gains and losses, and circumstances in which financial assets and financial liabilities are offset. The NHC has provided for the required disclosures in Note 18.

5. Cash and Cash Equivalents

	2009	2008
Cash-on-hand	\$ 39,462	\$ 85,833
Short-term investments	15,228	27,824
Total Cash and Cash Equivalents	\$ 54,690	\$ 113,657

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 0.32% to 4.00% in 2009 (2008 3.30% to 4.70%). The average term to maturity as at March 31, 2009 is 33 days (2008 46 days).

6. Fixed-Term Investments

		2009	2008
	Effective rate of return	Term to maturity	Carrying Value
Fixed-term investments			Carrying Value
Government of Canada notes and bonds	Variable	1 to 8 years	\$ 917
Trust Company notes and bonds	3.55%	1 to 2 years	-
Provincial Government notes and bonds	4.48%	1 to 8 years	8,226
Less: current portion			-
Fixed-term investments			\$ 9,143
			\$ 7,699

The average yield of this portfolio in 2009 was 4.38% (2008 – 4.14%).

7. Accounts Receivable

	2009	2008
Trade receivables		
Accounts receivable	\$ 7,307	\$ 10,746
Infrastructure Canada	3,452	3,452
Receivables from related parties		
Local Housing Organization	590	332
Due from the Government of Nunavut	63,815	11,811
	\$ 75,164	\$ 26,341

8. Prepaid Expenses

	2009	2008
Prepaid expenses		
Prepaid expenses	\$ -	\$ 2,066
Prepaid expenses with related parties		
Local Housing Organizations	1,019	321
	\$ 1,019	\$ 2,387

9. Investment In Housing Project

a) Land and buildings

	2009		2008 (restated - Note 3)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 449	\$ -	\$ 449	\$ 449
Social housing	502,222	227,057	275,165	244,775
Capital lease	41,842	23,883	17,959	20,763
Lease to purchase housing	9,014	4,529	4,485	4,721
Staff housing	37,675	9,624	28,051	26,430
Construction in progress	110,745	-	110,745	79,545
	\$ 701,947	\$ 265,093	\$ 436,854	\$ 376,683

b) Mortgage receivable

	2009	2008
Mortgage bearing interest at rates varying between 6.00% and 14.25% per annum, repayable over a maximum period of 25 years	\$ 33,676	\$ 37,378
Less: subsidy amount by the Corporation	(23,597)	(26,809)
Less: allowance for impairment	(7,117)	(7,389)
	2,962	3,180
Interim financing loans bearing interest at rates varying between 8.95% and 10.5% per annum, repayable over a maximum period of 5 years	380	320
Less: subsidy amount by the Corporation	(253)	(186)
Less allowance for impairment	(127)	(134)
	\$ 2,962	\$ 3,180

The recorded value of those mortgages specifically identified as being impaired is \$7,244 as at March 31, 2009 (2008 \$7,523).

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

10. Property and Equipment

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Warehouse and offices	\$ 11,226	\$ 5,982	\$ 5,244	\$ 5,520
Office furniture and fixtures	4,158	2,562	1,596	1,576
Leasehold improvements	188	103	85	104
	\$ 15,572	\$ 8,647	\$ 6,925	\$ 7,200

11. Accounts Payable and Accrued Liabilities

	2009	2008 (restated - Note 3)
Trade Payables		
Accounts payable	\$ 26,428	\$ 32,213
Accrued interest payable	343	805
Employee leave benefits	907	722
Payables to related parties		
Local Housing Organizations	3,342	2,375
Government of Nunavut and Crown Agencies	18,571	17,722
	\$ 49,591	\$ 53,837

12. Due from (to) the Government of Nunavut

	2009	2008
Payable at beginning of the year	\$ (6,360)	\$ (2,220)
Operating funds received from the Government of Nunavut	(119,238)	(109,583)
Services provided without charge	(2,043)	(2,160)
Cost of operations funded by the Government of Nunavut	131,589	115,295
Capital funding used for modernization and improvements, homeownership programs and other costs	(7,882)	(7,692)
Payable at end of the year	\$ (3,934)	\$ (6,360)

13. Capital Funding (Advanced) Receivable

	2009	2008 (restated - Note 3)
(Payable) Receivable at beginning of the year	\$ (70,111)	\$ (81,145)
Capital funding received from the Government of Nunavut	(81,284)	(69,608)
Capital funding used for acquisitions	79,799	72,950
Capital funding used for repairs, maintenance, grants and other costs	7,882	7,692
(Payable) Receivable at end of the year	\$ (63,714)	\$ (70,111)

14. Long-Term Debt

	2009	2008
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2032, bearing annual interest of 6.97% (2008 6.97%). The loans are guaranteed by the Government of Nunavut.	\$ 19,329	\$ 20,183
Less: Portion included in current liabilities	914	854
	\$ 18,415	\$ 19,329

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal	Interest	Total
2010	\$ 914	\$ 1,371	\$ 2,285
2011	979	1,306	2,285
2012	1,049	1,236	2,285
2013	1,123	1,162	2,285
2014	1,203	1,082	2,285
2015 - 2032	14,061	7,522	21,583
	\$ 19,329	\$ 13,679	\$ 33,008

Under the terms of the 1999 Social Housing Agreement (SHA), Canadian Mortgage and Housing Corporation (CMHC) originally provided funding to the Corporation to build social housing assets in the form of longterm mortgages payable to CMHC (referred to as NHA Section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA Section 82 debt under the SHA).

Under the SHA, the funding provided to the Corporation was used to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th of the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

The funding receivable from CMHC is recorded as a reduction of corresponding long-term debt payable.

As the funding from CMHC and the corresponding repayments of long-term debt are noncash transactions, they have not been recorded in the Consolidated Statement of Cash Flows.

The provisions of the Social Housing Agreement state that an audit to determine compliance with the Agreement must be completed no later than six months after the year end. Although the Corporation has filed the results of the compliance audit, the six month deadline was not met.

15. Obligations Under Capital Leases

The Nunavut Housing Corporation is committed, over the next five years in aggregate, to payments of \$6,212 per annum for forty seven lease agreements for housing units that support the Public Housing, and Staff Housing Programs. These lease agreements are based on implicit interest rates varying from 4.85% to 10.75% and have expiry dates ranging from 2013 to 2025. 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.

	2009	2008
Total minimum lease payments	\$ 38,236	\$ 44,449
Less: imputed interest	(7,648)	(9,779)
Less: executory costs	(6,631)	(7,874)
Present value of minimum lease payments	\$ 23,957	\$ 26,796
Current	\$ 3,089	\$ 2,839
Noncurrent	20,868	23,957
Total Lease Obligation	\$ 23,957	\$ 26,796

Future minimum lease payments which are scheduled to occur:

2010	\$ 6,212
2011	6,212
2012	6,212
2013	6,212
2014	5,536
2015 - 2025	7,852
	\$ 38,236

16. Employee Future Benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan (PSPP). This pension plan provides benefits based on years of service and average pensionable earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

Contributions to the Public Service Pension Plan during the year ended March 31 were as follows:

	2009	2008
Employer's contributions	\$ 715	\$ 678
Employee's contributions	368	322

Liability for severance benefits as at March 31 was as follows:

	2009	2008
Accrued benefit obligation, beginning of the year	\$ 1,500	\$ 1,366
Costs for the year	240	134
Accrued benefit obligation, end of the year	1,740	1,500
Less: Employee leave benefits in accounts payable and accrued liabilities	(907)	(722)
	\$ 833	\$ 778

17. Deferred Capital Funding

	2009	2008 (restated - Note 3)
Balance, beginning of year	\$ 351,993	\$ 293,793
Government of Nunavut funding used for depreciable capital assets	80,266	73,265
Adjustment to, and disposal of, depreciable capital assets	(888)	(450)
Amortization of deferred capital funding	(16,370)	(14,615)
Balance, end of year	\$ 415,001	\$ 351,993

Included in the above totals are opening deferred capital funding of \$242,295 (2008 - \$178,187) from the Government of Nunavut and \$109,698 (2008 - \$115,606) from CMHC. The Government provided all funding used to purchase capital assets in 2009 and 2008. Amortization of deferred capital funding includes \$10,315 (2008 - \$8,842) from the Government of Nunavut and \$6,055 (2008 - \$5,773) from CMHC. The Government comprises \$311,633 (2008 restated - Note 3 - \$242,295) and CMHC comprises \$103,368 (2008 - \$109,698) of the balance at the end of the year.

18. Financial Instruments and Risk Management

The Corporation, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides certain fair value disclosures and also explains the nature and extent of the Corporation's exposures to credit risk, market risk (mainly comprised of interest rate risk and currency risk) and liquidity risk, and how the Corporation manages those risks.

a) Fair value

The fair value of financial assets and financial liabilities represents an approximation of amounts that the Corporation would have received or paid, calculated at the reporting date, to settle these instruments prior to maturity. Fair values are based on market conditions at a specific point in time, and may not be reflective of future fair values. The fair values of certain instruments, including longterm debt, will fluctuate as market interest rates change. The fair values of the Corporation's financial instruments as at March 31 are estimated as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Amount
Fixed-term investments	\$ 9,143	\$ 9,143	\$ 8,905	\$ 8,905
Long-term Debt	19,329	30,626	20,183	23,948
	\$ 28,472	\$ 39,769	\$ 29,088	\$ 32,853

The fair value of loans and mortgages payable is based on an estimated 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 & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of Nunavut does not issue debt.

The fair value of mortgages receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and Due to the Government of Nunavut approximate their carrying amounts because of the short term to maturity.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk through its shortterm investments, fixedterm investments, accounts receivable and mortgages receivable. The maximum exposure to credit risk, as represented by the carrying amounts of the Corporation's financial assets, is as follows as at March 31, 2009:

Financial Assets:

Accounts receivable	\$ 75,164
Cash and cash equivalents	54,690
Mortgage receivable	2,962
Fixed-term investments	9,143

Accounts receivable consists primarily of amounts due from GN, LHOs and CMHC and federal government, which in aggregate represent 96% (2008 70%) of balances outstanding. To mitigate credit risk related to accounts receivable, the Corporation does regular follow up on their accounts receivable. The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable.

The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

The Corporation manages its credit risk surrounding cash and cash equivalents by dealing with senior Canadian chartered banks. The Corporation invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

Mortgage credit risk arises from the possibility that clients might be unable to fulfil their obligation under their mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment, which includes ensuring there are no rent arrears with Local Housing Organizations.

Investments are managed by the Corporation's external investment managers. All investments have an R2 high or an AA rating or higher from the Dominion Bond Rating Service. Individual investments are limited to a maximum of 10% 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 counterpart.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Corporation is exposed to interest rate risk on its investments. The Corporation manages its interest rate risk on investments by investing in short-term investments.

Long-term debt is comprised entirely of instruments with fixed interest rates, therefore the Corporation has not provided a sensitivity analysis to show the effect of interest rate changes on operating results.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from its investments. The Corporation is not exposed to significant currency, interest or other price risk.

e) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its short term financial obligations. To manage liquidity risk, the Corporation maintains adequate cash balances and invests in money market instruments with a term not exceeding 90 days or less from the date of acquisition. These instruments are readily convertible into known amounts of cash.

A maturity analysis of the Corporation's financial liabilities as at March 31, 2009 is as follows, (the contractual cash flows reported are undiscounted and include principal payments and finance charges).

	Contractual Cash Flows					
	Carrying Amount	Total	2010	2011	2012 to 2014	2015 and thereafter
Long-term debt	\$ 19,329	\$ 33,008	\$ 2,285	\$ 2,285	\$ 6,855	\$ 21,583
Due to the Government of Nunavut	3,934	3,934	3,934	-	-	-
Accounts payable and accrued liabilities	49,591	49,591	49,591	-	-	-
Capital funding advanced	63,714	63,714	63,714	-	-	-
	\$ 136,568	\$ 150,247	\$ 119,524	\$ 2,285	\$ 6,855	\$ 21,583

19. Funding from Canada Mortgage and Housing Corporation

	2009	2008
Contributions for social housing including interest expense	\$ 26,180	\$ 27,116
Repairs, maintenance, grants and other costs	4,870	4,870
	\$ 31,050	\$ 31,986

Under the terms of a Social Housing Agreement (SHA) with Canada Mortgage and Housing Corporation (CMHC), the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA. The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2037. CMHC provides funding for the Residential Rehabilitation Assistance Program (RRAP) and Emergency Repair Program (ERP) in conjunction with the funding for the SHA. The amount received in 2009 was \$580 (2008 - \$580). The total expenditures for the RRAP and ERP programs was \$4,737 (2008 - \$2,260).

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement. A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (Note 14). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

20. Contingencies

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 carrying value of these third party loans is approximately \$3,265 as at March 31, 2009 (2008 - \$3,458).

21. Commitments

The Corporation leases staff and public housing units and is committed to basic rental payments. 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:

	Total
2010	\$ 36,507
2011	18,689
2012	16,349
2013	15,125
2014	14,518
2015 - 2023	70,979
	\$ 172,167

The Corporation has signed land leases for various lots throughout Nunavut which are for 30 years with an annual commitment of \$344 in addition to the amount stated for the above leases.

22. 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. 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 Territorial corporations. The Corporation enters into transactions with these entities in the normal course of business under terms and conditions similar to those with

unrelated parties. During the year ended March 31, 2009, the Corporation, in carrying out their normal business paid, \$16,720 to Qulliq Energy Corporation for power (2008 - \$14,346), \$13,459 to Petroleum Products Division for fuel (2008 - \$11,126), \$687 to the Government of Nunavut for taxes and land leases (2008 - \$3,368) and \$1150 to Nunavut Arctic College for pre-trades courses (2008 - \$600).

The Corporation receives services provided without charge from the Government of Nunavut. These services provided without charge are recorded in Corporate Administration Expenses, with a corresponding credit to the Government of Nunavut funding, in the Consolidated Statement of Operations and Comprehensive Income, and are as follows:

	2009	2008
Office accommodations	\$ 984	\$ 962
Employee benefits	793	840
Payroll processing	266	358
	\$ 2,043	\$ 2,160

23. Social Housing Programs

The Social Housing Program includes the funding to the Local Housing Organizations to administer, maintain and pay for operating costs of public housing as well as other costs associated with social housing programs such as amortization and other nonprofit social housing groups.

	2009	2008
Utilities, taxes and land leases	\$ 55,137	\$ 50,394
Interest on long-term debt	2,749	3,656
Amortization	17,796	16,012
Demand and preventative maintenance	18,610	17,169
Contributions for social housing Hamlets	11,716	11,208
LHO administration	9,913	8,542
Repairs for modernization and improvements	4,705	6,025
Leasing	2,645	2,072
Sponsor groups	348	848
Loss on disposal of assets	186	-
Bad debt	2,069	1,216
	\$ 125,874	\$ 117,142

24. Homeownership Programs

The Homeownership programs mainly consists of funding to eligible residents who can afford the cost of homeownership to secure and maintain their own housing. These programs cover downpayment assistance to home renovation and repair. These expenditures includes mortgage-related expenses.

	2009	2008
Homeownership grants and contributions	\$ 7,682	\$ 6,148
Provision for impaired mortgages	-	862
	\$ 7,682	\$ 7,010

25. Staff Housing Programs

The expenses for staff housing is not included in other Corporate expenses as NHC receives specific funding from the Government of Nunavut for the staff housing program.

	2009	2008
Leasing	\$ 28,805	\$ 28,206
Utilities, taxes and land leases	5,511	4,281
Demand and preventative maintenance	2,704	2,390
Amortization	1,856	1,771
Agency fees	1,445	1,287
Repairs for modernization and improvements	-	19
Administration	1,084	1,372
Interest on long term debt	351	174
	\$ 41,756	\$ 39,500

26. Corporate Administration Expenses

Corporate administration expenses include policy, executive, administrative and service functions that support the Corporation's overall operations including homeownership and rental housing programs and corporate responsibilities, which includes the management costs of the three district offices.

	2009	2008
Compensation and benefits	\$ 9,058	\$ 8,333
Professional and special services	2,766	2,302
Travel and relocation	1,795	1,823
Office accommodations	984	962
Communications	107	146
Computer services	352	165
Materials, supplies and other	173	186
Workshop and studies	1,578	128
Miscellaneous	825	73
Building and equipment rental	58	50
Land titles and fees	72	43
	\$ 17,768	\$ 14,211

27. Capital Management

The Corporation's capital is composed of equity. The Corporation's objective when managing capital is to safeguard the entity's ability to continue as a going concern in order to maintain financial strength and provide affordable housing for the people of Nunavut. The Corporation makes short term investments in accordance with its investment policy and in proportion to its working capital requirements.

The Corporation is not subject to externally imposed capital requirements.

28. Subsequent event

As of April 1, 2009, the Corporation ceased the provision of housing services through the Hamlet of Taloyoak and established the Taloyoak Housing Authority. As a result, starting in the 2009/2010 fiscal year, this entity will be consolidated with the Nunavut Housing Corporation. An estimate on the financial effect of this event can not be made at this time.

29. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Notes:



