



Annual Report 2015-16



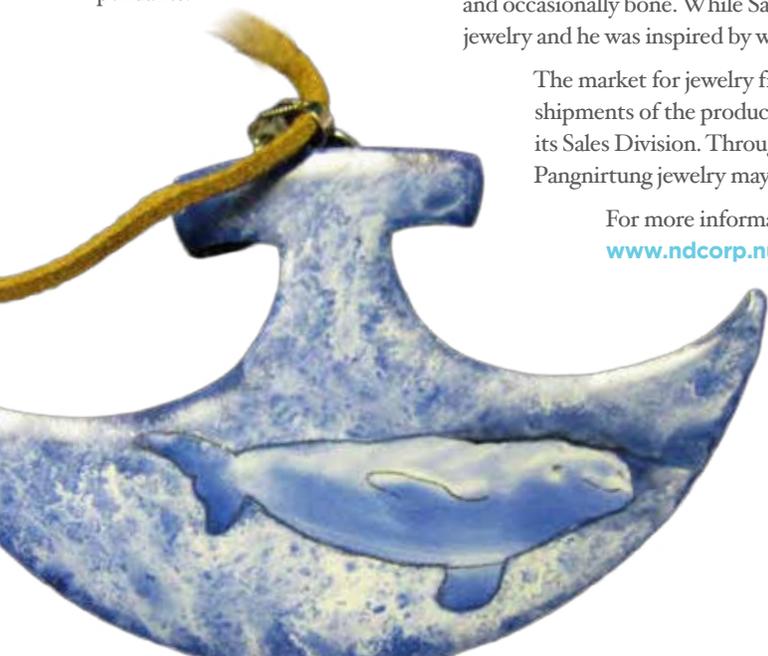
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NUNAVUT DEVELOPMENT CORPORATION
LA CORPORATION DE DÉVELOPPEMENT DU NUNAVUT
NUNAVUNMI PIVALIAJJUTIKHALIRINIRMUT KUAPURIISINGAT

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Types of jewelry

Sandy Maniapik is one of several artists whose jewelry is available at Uqqurmiut. Pictured here is one of his pendants.



Jewelry Growing in Popularity at Uqqurmiut

Uqqurmiut Arts & Crafts in Pangnirtung is most known for its beautiful and intricate tapestries. However, recently artists have been able to showcase their jewelry-making skills as well. As James Paris, General Manager of Uqqurmiut says, “this is one area we are definitely developing.” Paris explains that tourists and residents alike appreciate the opportunity to buy something made in the community that’s not as large a purchase as a tapestry, yet still shows the skills of local artisans. The fact that many of the pieces are unique also makes them appealing to buyers.

One of those artisans who has been able to sell their work through Uqqurmiut is Sandy Maniapik, who makes earrings, pendants and brooches out of various materials including out of baleen, ivory, caribou antler, soapstone and occasionally bone. While Sandy will occasionally produce sculptures and drawings, his main passion is jewelry and he was inspired by watching other jewelry-makers in Pangnirtung.

The market for jewelry from Pangnirtung artists is not only within the community. Uqqurmiut arranges shipments of the products to other Nunavut Development Corporation subsidiaries including Ivalu and its Sales Division. Through these channels and word of mouth from tourists who visit the community, Pangnirtung jewelry may soon become as famous as the tapestries or the hats!

For more information on Uqqurmiut, please see:

www.ndcorp.nu.ca/we-invest/subsidiaries/uqqurmiut-arts-crafts

Front cover image is a wall hanging by Ruth Qaulluaryuk Nuilaalik, Baker Lake

Message from Donald Havioyak, Chairperson



Dear Minister Eil-Kanayuk,

Seeking out potential investment opportunities to support employment and income-earning opportunities for our residents is something that I, along with my colleagues, place significant importance on. It is essential that we continue to seek out partners whose economic returns are measured not only in dollars but also in employing Nunavummiut and purchasing goods and services from here. Supporting the growth of Nunavut businesses and projects through the use of investment capital helps keep more money within the Territory.

Nunavut Development Corporation's (NDC's) investment programs support the growth of capital in Nunavut. Our programs assist Nunavut business enterprises to start and grow by helping to leverage other forms of investment capital necessary to acquire the property, equipment and people for a successful enterprise. Some economic sectors such as our off-shore fishery and mining sectors are doing quite well with healthy financial and employment returns. There are other important areas though such as our cultural industries and our commercial char fishery that create important income-earning opportunities for Nunavummiut, but the infrastructure that supports these areas still requires financial support. Ongoing investment for many economic initiatives is vital if

we are to continue generating income-earning opportunities and employment for our residents; this is especially true the farther we move from Nunavut's regional hubs and into our smaller communities.

As I have said before, there is much opportunity and need for investment in Nunavut. Whether working through Kivalliq Arctic Foods or Kitikmeot Foods to support harvesters and access to safe, affordable country food for Nunavummiut, or providing a marketing service for Nunavut artists and an efficient distribution hub for buyers of Inuit art, we help generate income-earning opportunities across the territory.

Last September, I (along with our President Darrin Nichol) had the opportunity to go before the Standing Committee on Oversight of Government Operations and Public Accounts. Along with providing responses to excellent questions from the members, I feel this exercise was beneficial in helping NDC communicate its overall objectives of using our investment capital to support employment and income-earning opportunities for our residents and also in using equity capital to support the growth of business in Nunavut. Shortly after that meeting, the NDC Board met in my home community of Kugluktuk to undertake our annual business planning exercise. The NDC Board also met in Rankin Inlet

earlier in the spring of 2015, and once by teleconference to approve our consolidated financial statements. I would also like to thank members of the Executive Committee, Zacharias Kunuk and John Main. These Board members, along with myself, participated in an in-depth crown corporation governance workshop last winter. Lastly I would also like to recognize the contribution of my entire Board and, in particular, outgoing member Jerry Eil. Your commitment to Nunavut's artists and craft people cannot be overstated.

In closing, I am pleased to report that the audit of NDC went well for the year just ended and I congratulate my staff for this. I would further like to acknowledge the ongoing support of our Minister and the collaborative working relationship maintained between NDC and her officials at the Department of Economic Development and Transportation in promoting economic development across Nunavut. Together we will continue to provide opportunities for employment, income, and business.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald Havioyak'. The signature is fluid and cursive, with a horizontal line underneath it.

Donald Havioyak
Chairperson



Some Carving Facts from Bobby

- Different types of material give better detail without a sanded finish and others come out better with very smooth surfaces depending on how you are trying to portray the subject matter.
- For a smaller sculpture about 5 inches high, such as a musk-ox on all fours with inlaid horns, 12 to 14 hours of carving may be required depending on the flaws in the stone that need to be corrected.
- A larger piece, such as a drum dancer with the drum and club and dancer all of one rock might take 2 or 3 days with 12 hours or more of carving each day.

Bobby Nokalak Anavilok

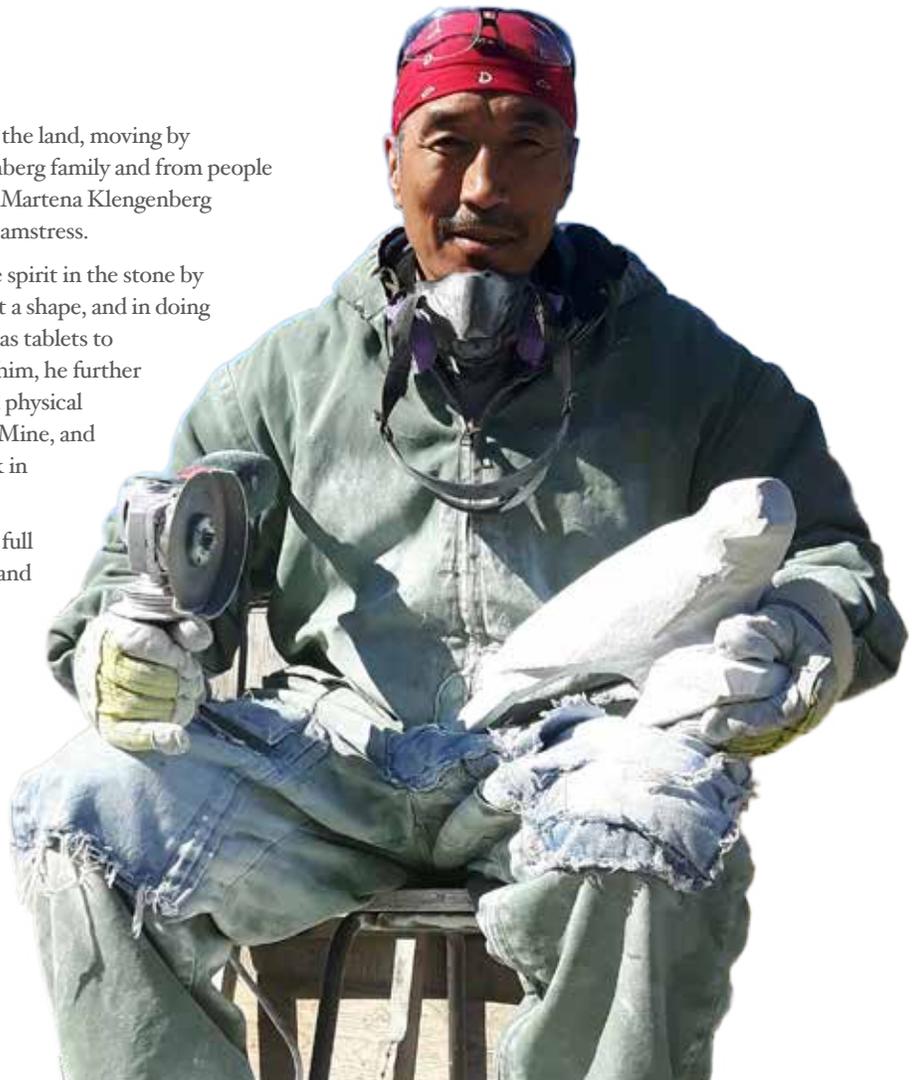
Master Carver from Kugluktuk

Bobby Nokalak Anavilok is from Kugluktuk, but grew up on the land, moving by dogteam to hunt and fish. He is descended from the Klengenberg family and from people from the Bathurst Inlet area. His parents (Sam Anavilok and Martena Klengenberg Ohokak) were both carvers, and his mother was a talented seamstress.

Bobby learned from his father at an early age how to seek the spirit in the stone by observing the uncut stone, allowing the stone itself to suggest a shape, and in doing so, wasted less stone. He learned to draw by using flat stones as tablets to create scenes or depict animals. Once paper was available to him, he further developed his drawing skills. He learned the meaning of hard physical work on drill rigs in the Beaufort Sea, underground at Lupin Mine, and in working on the construction of the Jimmy Hikok Iliharvik in Kugluktuk.

In 1991, Bobby started carving professionally and now carves full time, quarrying his own material from sites near Kugluktuk, and working in muskox horn, caribou antler and bone, and ivory and bison horn. He also uses some specialty stone, including marble imported from Italy. Bobby's carvings are fluid, action-oriented, detailed and realistic. A muskox charges out of white stone, hair flowing in the wind of its passage; caribou hustle, pursued by wolves, and bears done in a translucent white stone seem illuminated from within.

His carvings are carried in NDC's Mississauga showroom, where they fly off the shelves. He is currently working on a number of carvings for an exhibition planned with a gallery in Vancouver for September of 2016. Look for more news of this talented carver.



Corporate Governance and Management

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

Our Mandate (the “Act”)

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

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

To invest in business enterprises in order to:

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

To promote the economic objectives of the Government of Nunavut.

Our Vision

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

Our Mission

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

NDC Headquarters

President
Darrin Nichol

Chief Financial Officer
Balaji Ramamani CMA (US)

Manager of Finance and Administration
Bernadette Tutanuak

Business Advisor (Cultural Industries)
Goretti Kakuktinniq

Business Advisor (Commercial Harvesting)
Kyle Tattuinee

Executive Secretary
Diane Tiktak

Staff members at NDC Headquarters in Rankin Inlet oversee the corporate planning, budgeting, and financial reporting functions for the Corporation. HQ staff also provide a variety of administrative, business and project management supports to the subsidiary companies. HQ works with other organizations, individuals, communities, and governments to help advance broader strategic initiatives in sectors such as cultural industries, commercial fishing, commercial harvesting, food processing, and tourism. The Venture Investment Fund is administered out of the NDC Headquarters. Proposals from Nunavut proponents are received and reviewed here.

ANNUAL SUMMARY	2016	2015
Total Revenues	\$1.62 million	\$1.59 million
Total Expenses	\$1.47 million	\$1.48 million
Annual Surplus	\$153,000	\$113,500
Jobs Created or Maintained	5.5	5.5
Core Funding - Operations*	\$1.45 million	\$1.45 million
Core Funding - Capital*	\$11,100	\$2,400

*Core Funding is included in revenues

Taluq Designs, Mitts and Slippers

Taluq Designs, located in Taloyoak, produces a line of high quality fabric mitts constructed of a durable wool stroud fabric called “duffle”. Combined with an inner lining, this napped fabric produces mitts that are windproof, water resistant, and work well in the North.

These mitts are based on traditional designs used by the Netsilingmiut for centuries. They are usually short, with fur at the wrists, fitting against the end of the sleeve of an atiggi or amauti to keep snow from blowing in. The piece on the back curves over the palm piece, and is stitched in with a gathered stitch. This ensures that the fingers are not at a seam, where the cold can sneak in.

The flower designs on the mitts are the creation of the individual sewing the mitt. They are not done from paper patterns, but as Mona Iguptaq states, “Just sewn freely!” The artist creates a design out of her imagination, combining colours and stitches to create unique wearable art. Colours of the duffle fabric and the embroidery floss are coordinated to contrast and coordinate.

The fur trim is usually commercial rabbit, which lets Taluq keep the cost of the mitts or slippers to a reasonable level, and also offers a wide range of colours.

Five women currently sew mitts and slippers for Taluq Designs, and some have been doing this for more than a decade. These include Maudie Iqiliq, Martha Panilo, Koonoo Oleekatalik, Theresa Totalik, and Linda Alookey. Each artist’s name appears on the tag affixed to the item, attesting to the fact that it is that person’s work alone.



Job Creation

The following Nunavut jobs were created or maintained during the 2015-2016 fiscal year. These job creation or maintenance figures are consistent with the Corporation's Investment and Divestment Guidelines, which define:

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

INVESTMENTS	DIRECT JOBS	DIRECT TRADITIONAL JOBS	INDIRECT JOBS	TOTAL JOBS 2016	TOTAL JOBS 2015
Subsidiaries					
Kivalliq Arctic Foods Ltd.	9.29	7.90	-	17.19	14.85
Kitikmeot Foods Ltd.	7.45	2.38	-	9.83	7.75
Ivalu Ltd.	1.43	3.21	-	4.64	4.19
Jessie Oonark Ltd.	5.18	0.76	-	5.94	4.75
Kiluk Ltd.	4.99	0.52	-	5.51	5.66
Taluq Designs Ltd.	1.88	0.51	-	2.39	2.15
Uqqurmiut Arts & Crafts Ltd.	10.49	2.32	-	12.81	13.50
*Pangnirtung Fisheries Ltd.	-	-	-	-	16.72
Minority Shareholdings					
Arctic Fishery Alliance Ltd.			18.19	18.19	16.46
Sudliq Developments Ltd.			10.70	10.70	11.62
Tukumaaq Suites Ltd.			3.96	3.96	1.03
Pangnirtung Fisheries Ltd.			39.30	39.30	20.14
NunaVet Animal Hospital Inc.			4.34	4.34	-
Sub-total	40.71	17.60	76.49	134.80	118.82
Nunavut Development Corporation	5.50	7.00	-	12.50	8.50
Total	46.21	24.60	76.49	147.30	127.32

*NDC divested its controlling interest in Pangnirtung Fisheries on Sept. 30th 2014. Its job statistics for 2015 reflect 6 months as subsidiary (April to Sept.) and 6 months as a minority interest investment (October to March). Pangnirtung Fisheries' job statistics for 2016 represent a minority interest investment for the full fiscal year.

Sales Division

General Manager
Scott Laird

Office Manager
Julie Bannon

Sales Associate
Vacant

Shipper/Receiver
Jhon Diaz

ANNUAL SUMMARY	2016	2015
Revenues	\$874,200	\$582,000
Expenses	\$911,900	\$709,400
Annual Deficit	(\$37,700)	(\$127,400)
Jobs Created or Maintained	7.00	3.00
Core Funding - Operations*	\$200,000	\$126,000

*Core Funding is included in revenues

Wholesale Matters

One of the frequent purchasers from NDC's Sales Division is Images Boréales in Montreal. Inuit art collectors who are always on the hunt for something unique and different frequent this high-end gallery. Gallery owner Matt Namour says that working with NDC's Sales Division allows them to meet the demand for something different. "There are often unique and newer pieces available through NDC that we're excited to offer in our gallery."

Getting Nunavut Art to the World

Getting works of Inuit art from Nunavut communities to the world markets is not always easy. This is the role the Sales Division of the Nunavut Development Corporation has in support of the artists of Nunavut! NDC's Sales Division buys art directly from Nunavut artists and business enterprises. They promote, market and ship the art to galleries, museums, gift shops and their corporate clients who primarily buy only from wholesalers. This ensures that Nunavut artists' works are getting to markets quickly and that their names are promoted in the art world.

NDC having a wholesaler option for Inuit art means more and more of the Sales Division's customers can offer a wider variety of works of art from a larger segment of Nunavut. The Sales Division is able to buy and carry a large volume of Nunavut art and craft goods from across the Territory and finance this inventory until it is placed with a buyer. On the sales side the Division is constantly in contact with clients both in Canada and around the world marketing Nunavut's world-renowned art and craft goods. The Sales Division also facilitate the movement of Nunavut art and craft goods by negotiating appropriate credit arrangements with galleries, museums, gift shops, collectors and corporate clients that help support their respective business fundamentals.

According to Scott Laird, General Manager of NDC's Sales Division, "Last year we saw more of a demand for soft goods such as packing dolls, ceremonial amautiit, slippers, clothing, and jewelry. There will always be a market for carvings and prints, but for these new items it means a larger selection of artists get to have their work exposed to a larger audience." The NDC Sales Showroom carries items for sale to their customers from 18 different Nunavut communities. Laird's team has developed the Sales Division through customer service. This division has a reputation among its customers as a wholesaler to be trusted and one that treats artists fairly. His team likes the challenges that being a wholesaler can bring: "Sometimes we get requests for very specific works – either for a specific artist or a style. We like being able to utilize our connections through other NDC subsidiaries and our relationships with the artists to help create a win-win situation for our customers and artists alike."

The NDC Sales Division recently added a section onto the NDC website that allows them to display recent acquisitions for sale. This can be viewed at:

www.ndcorp.nu.ca/we-create-opportunities/sales-and-marketing



The Board of Directors

The Minister responsible for the Nunavut Development Corporation is the Honourable Monica EII-Kanayuk. NDC Board Members are appointed to three-year terms by the Government of Nunavut and represent a strong cross section of Nunavut’s diverse population.

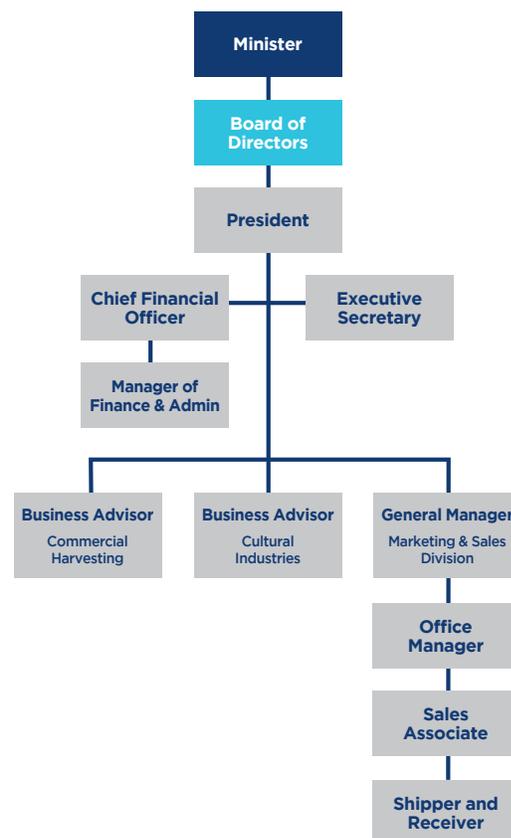
The NDC Board met three times in 2015-16. The first meeting took place in Rankin Inlet in May 2015 and a second meeting took place by teleconference in August 2015 to approve the Corporation’s consolidated financial statements. A third meeting took place in November in Kugluktuk.

Section 20 of the Act establishes three subcommittees as follows:

- Investment Committee
- Audit Committee
- Personnel Committee

The NDC Board has elected to establish a single Executive Committee consisting of the Chairperson and two additional directors to undertake the responsibilities of the three committees set out in the Act. In carrying out its responsibilities and making recommendations to the full Board, the Executive Committee was required to meet three times in the year just ended.

The 2015-2016 NDC Board of Directors is as follows:



	POSITION	COMMUNITY	APPOINTED	EXPIRES
Donald Havioyak	Chairperson	Kugluktuk	03/09/2015	03/08/2018
Zacharius Kunuk	Director	Igloolik	03/09/2015	03/08/2018
John Main	Director	Arviat	05/29/2015	05/28/2018
Elizabeth Kingston	Director	Iqaluit	03/09/2015	03/08/2018
Kolola Pitsiulak	Director	Kimmirut	03/09/2015	03/08/2018
Sakiasie Sowdloopik	Director	Pangnirtung	03/09/2015	03/08/2018
John Ningark	Director	Kugaaruk	03/09/2015	03/08/2018

Investments That Make a Difference

NDC invests equity capital (shares) in Nunavut-based companies that demonstrate significant employment and income-earning potential for Nunavummiut. Our investments are meant

to help stimulate the growth of business and promote economic diversification with an emphasis on placing investments in Nunavut's smaller communities.

Venture Equity Investments

Arctic Fishery Alliance LP Qikiqtarjuaq, Nunavut Non-Voting, Preferred Share Interest	\$250,000
Pangnirtung Fisheries Ltd Pangnirtung, Nunavut 24.5 % Voting, Common Share Interest	\$277,500
Sudliq Developments Ltd Coral Harbour, Nunavut Non-Voting, Preferred Share Interest	\$375,000
Tukumaaq Suites Inc Clyde River, Nunavut Non-Voting, Preferred Share Interest	\$475,000
NunaVet Animal Hospital Inc Iqaluit, Nunavut Non-Voting, Preferred Share Interest	\$115,000

Just Right

Arctic char are caught in the ocean in approved locations (based on surveys of the fish stocks). Gill nets with a minimum 5.5" mesh are used to ensure that smaller fish are not taken. The fishing season starts in mid-July and lasts about 5 weeks.



NDC Investment

Employment and the creation of income-earning opportunities for Nunavummiut is an important part of our objective. The Nunavut Development Corporation (NDC) places equity investments in eligible Nunavut business enterprises in order to support employment and income-earning opportunities achieved through new business start-ups or the expansion of an existing business.

NDC prioritizes its investing activity on investments that will benefit Nunavut's smaller communities. Although not exclusive, NDC emphasizes placing equity investments that support Nunavut business enterprises operating in our fishing, tourism, and cultural industry sectors.



Community Fisheries

Community summer and winter fisheries supply arctic char to Kivalliq Arctic Foods. Local commercial char fisheries provide important income and employment opportunities for residents in many Nunavut communities. Along with the financial benefit, local fisheries also provide a healthy and affordable food source for residents.

Once fish are received in Rankin Inlet from communities such as Qikiqtarjuaq, Whale Cove and Chesterfield Inlet, the fish are further processed and packaged for sale. Along with whole char some value-added processing also is done to produce traditional pipsi, char candy, jerky and smoked char among other items. Char products produced at Kivalliq Arctic Foods are sold across Nunavut both directly to Nunavummiut and also to organizations such as boarding homes, education authorities, and commercial establishments. Kivalliq Arctic Foods along with its sister plant Kitikmeot Foods also support organizations such as food banks and soup kitchens across Nunavut.

Papiruaq Fishery

Papiruaq operates a fish processing facility in Whale Cove. This plant is open on a seasonal basis from late July to the end of August annually to purchase locally-caught Arctic char and maktaaq from the residents of Whale Cove. What isn't purchased in Whale Cove can be processed at Kivalliq Arctic Foods.

Willie Okpatauyak operating the char skinning machine at Kivalliq Arctic Foods in Rankin Inlet.



Subsidiary Operational Summary

Subsidiary Operational Summary



Ivalu Ltd.

Sales Associate
Ester Issaluk

Board of Directors
Goretti Kakuktinniq, Brian Zawadski, Chris Rudd

	2016	2015
Total Revenues	\$490,800	\$357,700
Total Expenses	\$460,600	\$322,300
Annual Surplus	\$30,200	\$35,400
Jobs Created or Maintained	4.64	4.19



Jessie Oonark Ltd.

General Manager
David Ford

Board of Directors
Bernie Tutanuak,
Hugh Tularialik, Sarah Arniq,
Nathan Annanaut

	2016	2015
Total Revenues	\$293,300	\$333,800
Total Expenses	\$308,900	\$312,700
Annual (Deficit)/Surplus	\$(15,600)	\$21,100
Jobs Created or Maintained	5.94	4.75
NDC Subsidy Fund Contributions*	\$165,000	\$165,000
NDC Capital Fund Contributions*	\$5,000	\$7,000

*Subsidy and Capital Fund contributions are included in revenues



Kiluk Ltd.

General Manager
Sherlyn Kadjuk

Board of Directors
Hattie Alagalik,
Eva Arnalukjuak, Lena Arviyut,
Goretti Kakuktinniq,
Keith Collier

	2016	2015
Total Revenues	\$314,100	\$313,000
Total Expenses	\$330,900	\$342,200
Annual Deficit	(\$16,800)	(\$29,200)
Jobs Created or Maintained	5.51	5.66
NDC Subsidy Fund Contributions*	\$140,000	\$140,000

*Subsidy Fund contributions are included in revenues

Subsidiary Operational Summary



General Manager
Stephan Lacasse

Board of Directors
Bill Lyall, Wilf Wilcox,
Brian Zawadski,
Louie Kamookak,
Jim MacEachern

Kitikmeot Foods Ltd.

	2016	2015
Total Revenues	\$1,097,600	\$1,005,700
Total Expenses	\$1,192,000	\$1,088,600
Annual Deficit	(\$94,400)	(\$82,900)
Jobs Created or Maintained	9.83	7.75
NDC Subsidy Fund Contributions*	\$330,000	\$330,000
NDC Capital Fund Contributions*	\$96,000	\$69,000

*Subsidy and Capital Fund contributions are included in revenues

Kivalliq Arctic Foods and Kiluk - Videos

More and more Nunavut companies rely on high speed internet to conduct important aspects of their business. Kiluk (Arviat) and Kivalliq Arctic Foods (Rankin Inlet) are two such companies which, through various conduits, utilize aspects of online selling to promote their products.

A production team visited Kivalliq Arctic Foods and Kiluk to record key aspects of their business, highlight the importance of providing quality employment and income-earning opportunities and also capture the importance of reliable of internet service in conducting business at these two organizations. The videos can be seen at: www.ndcorp.nu.ca



Subsidiary Operational Summary



General Manager
Todd Johnson

Board of Directors
Brian Zawadski, Chris Rudd,
Jerry Ell, Joe Jeffrey Kaludjak

Kivalliq Arctic Foods Ltd.

	2016	2015
Total Revenues	\$1,089,800	\$807,000
Total Expenses	\$1,087,400	\$949,500
Annual Surplus/(Deficit)	\$2,400	(\$142,500)
Jobs Created or Maintained	17.19	14.85
NDC Subsidy Fund Contributions*	\$260,000	\$160,000
NDC Capital Fund Contributions*	\$60,200	-

*Subsidy and Capital Fund contributions are included in revenues



General Manager
Michael Neumann

Board of Directors
Manasa Evic, Jacopie Maniapik,
Lena Metuq, Adamee Veevee,
David Kooneliusie,
Sakiasie Sowdluapik,
Mosesie Nowdluk, Levi Evic,
Brian Zawadski

Pangnirtung Fisheries Ltd.

	2016	2015 6 MONTHS (APRIL 1 TO SEPT 30)
Total Revenues	-	\$1,700,000
Total Expenses	-	\$1,600,000
Annual Surplus	-	\$168,900
Jobs Created or Maintained	-	16.72
NDC Subsidy Fund Contributions*	-	\$100,000
NDC Capital Fund Contributions*	-	\$45,000

*Subsidy and Capital Fund contributions are included in revenues

This board was in place until Sept. 30, 2014 at which time it was dissolved and a new board appointed by the shareholders.



Board of Directors
Brian Zawadski

Papirug Fisheries Ltd.

	2016	2015
Total Revenues	-	-
Total Expenses	\$9,600	\$9,500
Annual Deficit	(\$9,600)	(\$9,500)

Subsidiary Operational Summary



General Manager
Mona Igutsaq

Board of Directors
Elizabeth Aiyot,
Anaoyok Alookey,
Anginalluq Uttaq,
Brian Zawadski

Taluq Designs Ltd.

	2016	2015
Total Revenues	\$139,400	\$128,100
Total Expenses	\$159,500	\$119,700
Annual (Deficit)/Surplus	\$(20,100)	\$8,400
Jobs Created or Maintained	2.39	2.15
NDC Subsidy Fund Contributions*	\$70,000	\$69,000

*Subsidy Fund contributions are included in revenues



General Manager
James Paris

Board of Directors
Jacopie Maniapik,
Geetee Maniapik,
Towkie Karpik, Manasie Noah,
Brian Zawadski,
Leah N. Kilabuk

Uqqurmiut Arts & Crafts Ltd.

	2016	2015
Total Revenues	\$671,700	\$652,400
Total Expenses	\$622,700	\$641,300
Annual Surplus	\$49,000	\$11,100
Jobs Created or Maintained	12.81	13.50
NDC Subsidy Fund Contributions*	\$238,000	\$237,500
NDC Capital Fund Contributions*	\$29,850	\$26,500

*Subsidy and Capital Fund contributions are included in revenues

Nuna Vet Animal Hospital

NunaVet is the territory's only veterinary service and they are very busy keeping beloved pets in Nunavut healthy. NDC recently acquired a minority share in the Iqaluit-based business. The NDC investment allowed NunaVet to train staff to improve their service offerings.

Further, NDC's investment allowed NunaVet to acquire additional medical equipment to increase services to communities outside of Iqaluit and to increase in-house blood and chemical diagnostic capabilities, resulting in less shipment of specimens to the south. This has resulted in shortened service times.

Contracting, Procurement and Leasing Activity Reporting

COMMUNITY	VENDOR	PROJECT	AWARD METHOD	2015-16 VALUE	2014-15 VALUE	INUIT FIRM STATUS	NUNAVUT BUSINESS STATUS
Iqaluit	Southeast Nunavut Company Ltd	Carving Buying	PRFP	85,563	55,874	-	●
Iqaluit	Carvings Nunavut Inc	Carving Buying	PRFP	-	42,200	-	●
Rankin Inlet	Dean Food Safety Strategies	Food Safety Consulting HACCP / QMP	SS	34,077	24,961	-	-
Rankin Inlet	Gowling LaFleur Henderson LLP	Legal Counsel	PRFP	9,163	26,622	-	-
Rankin Inlet	R&T Cleaning Enterprises	Janitorial	PRFP	9,000	9,000	-	●
Rankin Inlet	SNC Lavalin	Energy Audits	SS	25,520	-	-	-
Rankin Inlet	Lester Landau	Chartered Accountant - Subsidiary Audits	SOA	46,546	61,939	-	●
Rankin Inlet	Outcrop Nunavut Ltd	Communications	SOA	56,416	42,924	-	●
				\$266,285	\$263,520		

2015-16 Leasing Activity Report

COMMUNITY	VENDOR	PROJECT	AWARD METHOD	START DATE	EXPIRY DATE	RENEWAL OPTIONS	2015-16 VALUE	2014-15 VALUE	INUIT FIRM STATUS	NUNAVUT BUSINESS STATUS
Rankin Inlet	Ilagiiktut Ltd	Staff Housing	SS	1/1/2013	12/31/2016	nil	27,000	24,600	-	●
Mississauga	GWL Reality	Warehouse Lease	SS	1/8/2007	7/31/2017	nil	92,334	78,179	-	-
Yellowknife	GAP Electric	Freezer / Office	SS	7/1/2006	6/30/2015	nil	1,000	3,000	-	-
Rankin Inlet	Xerox Canada	Copier Lease	SS	3/14/2012	3/15/2017	nil	3,360	3,164	-	-
							\$123,694	\$108,943		

PRFP - Public Request for Proposal

SOA - Standing Offer Agreement

SS - Sole Source

NDC
Consolidated
Financial
Statements

NDC Consolidated Financial Statements

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Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of the Nunavut Development Corporation, for the year ended March 31, 2016, and all information contained in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors. The consolidated financial statements include some amounts, such as the allowance for doubtful accounts receivable, employee future benefits and the valuation of inventories, which are based on management's best estimates and judgment.

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

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

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

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



Darrin Nichol
President

Rankin Inlet, Canada
26 July 2016



Balaji Ramamani, CMA (U.S.), CRMA, CGAP
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Nunavut Development Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Nunavut Development Corporation, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

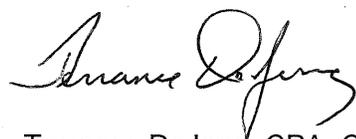
Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Nunavut Development Corporation as at 31 March 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of Nunavut, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards 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 Nunavut Development Corporation and its subsidiaries and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Nunavut Development Corporation and its subsidiaries 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, the *Nunavut Development Corporation Act* and regulations, the *Business Corporations Act* and the by-laws of the Nunavut Development Corporation and its subsidiaries.



Terrance DeJong, CPA, CA
Assistant Auditor General
for the Auditor General of Canada

26 July 2016
Ottawa, Canada

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

	2016	2015
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 4,872,193	\$ 4,798,820
Accounts receivable (Note 4)	724,089	555,058
Inventories for resale (Note 5(a))	1,739,315	1,828,543
Portfolio investments (Note 6)	1,492,500	1,401,500
Total Financial Assets	\$ 8,828,097	\$ 8,583,921
Liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 467,534	\$ 569,813
Employee future benefit liabilities	56,680	51,058
Lease obligation	2,531	5,127
Total Liabilities	\$ 526,745	\$ 625,998
Net Financial Assets	\$ 8,301,352	\$ 7,957,923
Non-Financial Assets		
Tangible capital assets (Schedule A)	\$ 1,127,500	\$ 1,168,684
Inventories for use (Note 5(b))	754,828	703,401
Prepaid expenses	23,794	28,135
Total Non-Financial Assets	\$ 1,906,122	\$ 1,900,220
Accumulated Surplus	\$ 10,207,474	\$ 9,858,143

Contractual obligations (Note 11)

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

Approved on behalf of the Board



Donald Havioyak
 Chairperson of the Board of Directors

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

	2016 Budget	2016 Actual	2015 Actual
Revenues			
Sales (Schedule B)	\$ 2,500,100	\$ 2,685,680	\$ 3,909,577
Preference dividend on venture investment	80,000	116,585	53,765
Interest and other income	220,000	96,919	130,216
Total revenues	\$ 2,800,100	\$ 2,899,184	\$ 4,093,558
Expenses			
Cost of goods sold (Schedule C)	\$ 2,807,880	\$ 3,165,388	\$ 4,114,305
Loss on divestment of controlling interest in a subsidiary (Note 6)	-	-	81,423
Impairment Loss in Investment (Note 6)	-	-	74,300
Selling and administration (Schedule D)	3,276,795	3,032,991	3,041,259
Total expenses	\$ 6,084,675	\$ 6,198,379	\$ 7,311,287
Deficit before Government contributions	(3,284,575)	(3,299,195)	(3,217,729)
Government contributions (Note 8)	\$ 3,582,000	\$ 3,648,526	\$ 3,598,411
Surplus for the year	297,425	349,331	380,682
Accumulated surplus, beginning of the year	9,858,143	9,858,143	9,477,461
Accumulated surplus, end of the year	\$ 10,155,568	\$ 10,207,474	\$ 9,858,143

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

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

	2016 Budget	2016 Actual	2015 Actual
Surplus for the year	\$ 297,425	\$ 349,331	\$ 380,682
Tangible capital assets (Schedule A)			
Additions	\$ (224,000)	\$ (146,442)	\$ (109,348)
Amortization	236,500	164,770	175,591
Disposals	-	22,856	-
Disposals due to PFL divestment	-	-	358,072
	\$ 12,500	\$ 41,184	\$ 424,315
Additions of inventories for use	\$ -	\$ (533,774)	\$ (519,084)
Consumption of inventories for use	-	482,347	567,019
Change due to prepaid expenses	-	4,341	411
	\$ -	\$ (47,086)	\$ 48,346
Change in net financial assets for the year	\$ 309,925	\$ 343,429	\$ 853,343
Net financial assets, beginning of the year	7,957,923	7,957,923	7,104,580
Net financial assets, end of the year	\$ 8,267,848	\$ 8,301,352	\$ 7,957,923

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

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

	2016	2015
Cash provided by operating activities		
Received from customers	\$ 2,516,111	\$ 4,213,851
Received through contributions from the Government of Nunavut	3,658,985	3,686,854
Received through other Contributions	81,671	496,943
Dividends received	105,335	53,765
Interest received	29,573	50,181
Paid to suppliers	(2,419,090)	(3,381,168)
Paid to employees	(2,458,556)	(2,759,537)
Other operations and project payments	(1,209,714)	(987,501)
Cash provided by operating activities	304,315	1,373,388
Cash used for financing activities		
Bank operating loan repaid	-	(327,809)
Cash used for financing activities	-	(327,809)
Cash used for investing activities		
Venture equity investment	(115,000)	(375,000)
Proceeds from PFL divestment (Note 6)	24,000	299,700
Cash included in sale of PFL	-	(275,684)
Cash used for investing activities	(91,000)	(350,984)
Cash used for capital activities		
Tangible capital asset acquisitions	(146,442)	(152,878)
Proceeds from tangible capital asset disposals	6,500	-
Cash used for capital activities	(139,942)	(152,878)
Increase in cash and cash equivalents	73,373	541,717
Cash and cash equivalents - beginning of the year	4,798,820	4,257,103
Cash and cash equivalents - end of the year	4,872,193	4,798,820

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

Notes to the Consolidated Financial Statements

March 31, 2016

1 Authority and operations

a) Authority

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

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

b) Operations

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

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

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

c) Government contributions

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

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

d) Budget

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

2 Significant accounting policies

a) Basis of accounting

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

b) Principles of consolidation

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

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

Subsidiary Investment	Location	Ownership %	Date Incorporated
Meat & Fish:			
Kivalliq Arctic Foods Ltd.	Rankin Inlet	100%	October 2, 1992
Kitikmeot Foods Ltd.	Cambridge Bay	98%	April 9, 1992
Papiruaq Fisheries Ltd. (formerly 933261 NWT Ltd.)	Whale Cove	51%	February 1, 1993
Arts & Crafts:			
Ivalu Ltd.	Rankin Inlet	100%	October 2, 1992
Jessie Oonark Ltd.	Baker Lake	100%	September 25, 1991
Kiluk Ltd.	Arviat	100%	April 3, 1996
Taluq Designs Ltd.	Taloyoak	51%	April 12, 1995
Uqqurmiut Arts & Crafts (1993) Ltd.	Pangnirtung	51%	March 1, 1994

The non-controlling interests in Papiruaq Fisheries Ltd., Taluq Designs Ltd., and Uqqurmiut Arts & Crafts (1993) Ltd., have been reduced to nil by the losses on operations applicable to the non-controlling interests. The applicable losses on operations are limited to the non-controlling interests' share in the capital of the subsidiaries. The excess and any further losses otherwise applicable to the non-controlling interests are allocated only to the parent's interest. Subsequent earnings will be allocated entirely to the parent's interest until previously absorbed losses relating to the non-controlling interests are recovered. The total accumulated losses on operations for the non-controlling interests of the above-noted subsidiaries as at March 31, 2016 are \$749,772 (March 31, 2015 - \$759,236).

c) Use of estimates and measurement uncertainty

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

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

2 Significant accounting policies (continued)

d) Cash and cash equivalents

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

e) Accounts receivable

Accounts receivable are valued at the lower of cost or net recoverable value. Valuation allowances, if necessary, are recorded based on all circumstances known at the date these consolidated financial statements are prepared, including past events and current conditions.

f) Portfolio investments

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

g) Inventories

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

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

h) Tangible capital assets

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

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

The following amortization rates are used:

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

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

2 Significant accounting policies (continued)

i) Employee future benefit liabilities

Severance and removal costs

Employees of the Corporation are not employees of the public service as defined in the *Public Service Act*. Under the terms and conditions of employment, employees may earn severance and removal benefits based on years of service. These benefits are paid upon retirement of the employee. The estimated liability and related expenses for these benefits are recorded as employees earn them and are based on management's assumptions and best estimates. Termination benefits are recorded when eligible employees are identified for lay-off.

Registered retirement savings plan contributions

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

j) Government contributions

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

k) Revenues

Revenues are recognized and reported on an accrual basis in the period in which the transactions or events that give rise to the revenues, and when collection is reasonably assured.

l) Services provided without charge

Audit services are provided without charge from the Office of the Auditor General of Canada to the Corporation for the audit of the Corporation's consolidated financial statements. No amount has been recognized in these consolidated financial statements in respect to the services provided.

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

m) Financial instruments

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

Financial instruments are identified by financial asset and financial liability classifications. The following is a list of the Corporation's financial instrument measurement bases as at March 31, 2016.

Financial Assets

Cash and cash equivalents
Accounts receivable
Portfolio investments

Measurement Basis

Cost
Cost
Cost

Financial Liabilities

Accounts payable and accrued liabilities

Measurement Basis

Cost

2 Significant accounting policies (continued)

m) Financial instruments (continued)

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

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

n) Segmented information

For segmented disclosure reporting purposes, summary information has been provided in Schedules B, C and D using the categorization of subsidiaries in Note 2(b).

3 Cash and cash equivalents

	Mar 31, 2016	Mar 31, 2015
Cash held by:		
Parent company	\$4,497,798	\$4,094,436
Subsidiaries	224,395	354,384
Short-term deposits	<u>150,000</u>	<u>350,000</u>
	<u>\$4,872,193</u>	<u>\$4,798,820</u>

The cash held by the parent company is pooled with the Government's surplus cash. The cash can be withdrawn at any time and is not restricted by the maturity dates of investments made by the Government. Cash from the parent company's operating and fund bank accounts accumulates interest at rates ranging from 0.5% to 0.75% (2015 - 0.5% to 1.25%) per annum on the daily average of the daily closing credit balances. Net investment income of \$43,744 (2015 - \$49,932) is included in interest and other income.

As at March 31, 2016, Kivalliq Arctic Foods Ltd has a short-term deposit consisting of fixed rate non-redeemable Guaranteed Investment Certificates (GICs) at the RBC Royal bank, of \$150,000 (2015 - \$350,000) bearing 0.75% (2015 - 0.75%) interest rate per annum and maturing in fiscal 2017.

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

	Mar 31, 2016	Mar 31, 2015
Capital fund	\$672,627	\$605,762
Capital reserve fund	449,049	428,830
Subsidy fund	189,000	189,000
Venture investment fund	1,617,216	1,414,892
Venture reserve fund	<u>121,500</u>	<u>110,000</u>
Total fund balances	<u>\$3,049,392</u>	<u>\$2,748,484</u>

4 Accounts receivable

	Mar 31, 2016	Mar 31, 2015
From related parties	\$77,194	\$71,090
From others	<u>728,832</u>	<u>533,735</u>
Total Accounts Receivable	\$806,026	\$604,825
Less: Valuation Allowance	<u>(81,937)</u>	<u>(49,767)</u>
Net accounts receivable	<u>\$724,089</u>	<u>\$555,058</u>

5 Inventories

(a) For resale

	Mar 31, 2016	Mar 31, 2015
Arts & Crafts	\$1,654,716	\$1,693,445
Meat & Fish	<u>84,599</u>	<u>135,098</u>
	<u>\$1,739,315</u>	<u>\$1,828,543</u>

During the year, inventories of \$2,039 (2015 - \$6,846) were written off or marked down.

(b) For use

	Mar 31, 2016	Mar 31, 2015
Raw materials and work-in-process		
Arts & Crafts	\$120,869	\$188,544
Meat & Fish	<u>474,789</u>	<u>388,621</u>
	<u>\$595,658</u>	<u>\$577,165</u>
Packaging supplies		
Arts & Crafts	\$34,250	\$ 5,963
Meat & Fish	<u>124,920</u>	<u>120,273</u>
	<u>\$159,170</u>	<u>\$126,236</u>
Total inventories for use	<u>\$754,828</u>	<u>\$703,401</u>

6 Portfolio investments

	Mar 31, 2016	Mar 31, 2015
Preferred Shares Investment in Arctic Fisheries Alliance Limited Partnership	\$250,000	\$250,000
Preferred Shares Investment in Tukumaaq Suites Inc.	475,000	475,000
Preferred Shares Investment in Sudliq Developments Ltd.	375,000	375,000
Preferred Shares Investment in NunaVet Animal Hospital Inc.	115,000	--
Preferred Shares Investment in Pangnirtung Fisheries Ltd.	--	24,000
Common Shares Investment in Pangnirtung Fisheries Ltd.	<u>277,500</u>	<u>277,500</u>
	<u>\$1,492,500</u>	<u>\$1,401,500</u>

6 Portfolio investments (continued)

Arctic Fishery Alliance Limited Partnership (AFL)

The Corporation is a registered holder of 250 Class D Preferred Limited Partnership Units in AFL. The rights of a holder of these Units are governed by a Partnership Agreement between Masiliit Corporation as general partner and the limited partners. The Corporation is entitled to receive a fixed cumulative preferential distribution of 6.25% per annum, which shall accrue daily, compound annually and be payable in arrears by the Partnership to the Corporation on the last business day of each month. The shares are redeemable in March 2020.

Tukumaaq Suites Inc. (TSI)

The Corporation is also a registered holder of 475 Class A non-voting preferred shares in TSI. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement between TSI, Ilisaqsivik Society and the Corporation. The Corporation is entitled to receive a fixed cumulative preferential distribution of 6.5% per annum, which shall accrue daily, compound annually and be payable in arrears by TSI to the Corporation annually. The shares are redeemable in March 2019.

Sudliq Developments Ltd. (SDL)

The Corporation is also a registered holder of 375,000 Class E first preference shares in SDL. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement between SDL, Louie Bruce, and the Corporation. The Corporation is entitled to receive a fixed, annual, cumulative preferential distribution of 6.0% per annum. The shares are redeemable in March 2020.

NunaVet Animal Hospital Inc. (NAHI)

The Corporation is also a registered holder of 115,000 Class A first preference shares in NAHI. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement between NAHI, Atugtuarvik Corporation, Leia Cunningham, and the Corporation. The Corporation is entitled to receive a fixed, annual, cumulative preferential distribution of 6.0% per annum. The shares are redeemable in March 2021.

Pangnirtung Fisheries Ltd. (PFL)

In 2014, the Corporation sold its controlling interest in PFL. The Corporation sold 27 of its 52 Class A common voting shares for a price of \$11,100 per share, for total proceeds from sale of \$299,700. The carrying value of the shares sold was \$381,123 and as a result, the Corporation incurred a loss on the sale of its PFL shares in the amount of \$81,423, which is included in the Consolidated Statement of Operations and Accumulated Surplus.

On March 31, 2015, the value of the retained shares was assessed for impairment based on the actual proceeds received per share, and as a result, the Corporation recognized an impairment loss on the portfolio investment of \$74,300, which was included in the Consolidated Statement of Operations and Accumulated Surplus.

On December 18, 2015, Class C preferred shares of PFL were redeemed. The value of the redemption consisted of \$24,000 for the remaining shares and \$35,277 in outstanding dividends for a total redemption value of \$59,277.

The Corporation has a remaining stake in PFL, as a registered holder of 25 common shares. The rights of these shares are governed by a Unanimous Shareholders Agreement between Cumberland Sound Fisheries Ltd., Niqitaq Fisheries Ltd., and the Corporation.

7 Accounts payable and accrued liabilities

	Mar 31, 2016	Mar 31, 2015
Accounts payable and accrued liabilities to related parties	\$153,087	\$184,627
Accounts payable and accrued liabilities	219,759	275,091
Vacation pay and lieu time	94,688	110,095
Total accounts payable and accrued liabilities	<u>\$467,534</u>	<u>\$569,813</u>

8 Government contributions

	2016	2015
Subsidy payments from Government of Nunavut		
Operating purposes	\$2,858,000	\$2,782,500
Capital purposes	230,000	160,000
Venture equity	<u>270,000</u>	<u>415,500</u>
	<u>\$3,358,000</u>	<u>\$3,358,000</u>
Other contributions from Government of Nunavut		
Other direct contributions to subsidiaries	<u>290,526</u>	<u>240,411</u>
	<u>\$3,648,526</u>	<u>\$3,598,411</u>

9 Related party transactions

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

Transactions with related parties and balances at year-end are as follows:

	2016	2015
(a) Sales		
Government of Nunavut	\$94,459	\$65,186
Non-controlling interests	<u>82,625</u>	<u>70,484</u>
	<u>\$177,084</u>	<u>\$135,670</u>
(b) Purchases		
Government of Nunavut	11,662	-
Non-controlling interests	<u>\$7,980</u>	<u>\$7,804</u>
	<u>\$19,642</u>	<u>\$7,804</u>
(c) Selling and administrative expenses		
Government of Nunavut	\$480,476	\$622,017
Non-controlling interests	-	<u>39,979</u>
	<u>\$480,476</u>	<u>\$661,996</u>
(d) Territorial subsidies paid directly to Subsidiaries		
Government of Nunavut - freight	\$157,145	\$189,090
Non-controlling interests - other	<u>27,424</u>	<u>11,843</u>
	<u>\$184,569</u>	<u>\$200,933</u>
	Mar 31, 2016	Mar 31, 2015
(e) Accounts receivable		
Government of Nunavut	\$69,557	\$52,238
Non-controlling interests	<u>7,637</u>	<u>18,852</u>
	<u>\$77,194</u>	<u>\$71,090</u>
(f) Accounts payable		
Government of Nunavut	\$127,307	\$158,846
Non-controlling interests	<u>25,781</u>	<u>25,781</u>
	<u>\$153,088</u>	<u>\$184,627</u>

Further details on related party transactions are included in Schedule E.

10 Financial instruments

Risk Management

Management of the Corporation defines the components of risk, develops frameworks and processes on how to identify measure and manage risk and does Risk Management Reporting to the Board of Directors annually for its approval. A Risk Management Process which includes understanding, identifying, assessing and mitigating risks, monitoring control and communicating results, has been established and is reviewed every year.

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

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

Credit risk

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

For cash and cash equivalents in interest-bearing accounts, the maximum exposure to credit risk is the carrying amount on the Consolidated Statement of Financial Position. The risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions. As at March 31, 2016, there were no known relevant concentrations of credit risk by type of deposit or institution.

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

At March 31, 2016, the accounts receivable are aged as follows:

	2016	2015
Current	\$152,996	\$138,832
31-60 days old	97,306	47,664
61-90 days old	57,786	39,621
Over 90 days old	<u>416,001</u>	<u>328,941</u>
Total accounts receivable	<u>\$724,089</u>	<u>\$555,058</u>

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications that customers will not be able to meet their obligations. As at March 31, 2016, there were no known relevant concentrations of credit risk by type of customer or geography. Instead, the credit risk exposure is mainly influenced by individual customer characteristics.

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

	Mar 31, 2016	Mar 31, 2015
Balance, beginning of year	\$49,767	\$85,044
Write-offs & write downs during the year	<u>17,696</u>	<u>(35,277)</u>
Balance, end of year	<u>\$67,463</u>	<u>\$49,767</u>

10 Financial instruments (continued)

Credit risk (continued)

For portfolio investments, the maximum exposure to credit risk is the carrying amount on the Consolidated Statement of Financial Position. The risk exposure relating to portfolio investments is directly impacted by the investees' ability to meet their obligations. Among other factors, this ability is impacted by the investees' exposure to fluctuations in the economy of Nunavut and preferred share dividends not declared. To mitigate this risk, under its regulations, the maximum the Corporation can lend to, or invest in, any one business enterprise or group of related enterprises is \$1 million. Amounts greater than \$1 million must be approved by the Financial Management Board. As well, the Corporation implemented specific guidance to be followed before investing in a subsidiary. The Corporation also performs regular review of the investees' practices after the investment occurs and may sometimes divest, to further mitigate the likelihood of incurring any significant losses from the investments.

As of 31 March, the Corporation believes there is no significant credit risk related to its portfolio investments.

At the end of 2016, there is no known relevant concentration of credit risk by business group.

Interest rate risk

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

Kivalliq Arctic Foods Ltd. has a demand operating line of credit of \$425,000 at the bank prime rate plus 0.5%. The line of credit is secured by a guarantee and postponement of claim signed by the parent company. There have been no draws as at March 31, 2016 (2015 - Nil).

Kitikmeot Foods Ltd. has a loan demand facility of \$22,000 with interest rate to be determined at the time of drawdown. Further, there is a demand operating line of credit of \$200,000 at the bank prime rate plus 0.5%. The line of credit is secured by a guarantee and postponement of claim signed by the parent company. There have been no draws as at March 31, 2016 (2015 - Nil).

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

Liquidity risk

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

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

11 Contractual obligations

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

2017	\$87,456
2018	<u>29,152</u>
	<u>\$116,608</u>

12 Comparative Information

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

Nunavut Development Corporation
Consolidated Schedule of Tangible Capital Assets
For the year ended March 31

Schedule A

	Buildings	Equipment	Leasehold Improvements	Office Furniture and Equipment	Computer Equipment	Automotive Equipment	2016 Total	2015 Total
Cost of tangible capital assets								
Opening balance	7,674,028	2,031,842	582,062	500,193	224,592	222,065	11,234,782	16,019,894
Additions	64,163	7,625	17,805	9,487	7,932	39,430	146,442	109,348
Disposals	(39,750)	-	-	-	-	(36,652)	(76,402)	-
Adjustments due to PFL divestment	-	-	-	-	-	-	-	(4,866,461)
Closing balance	7,698,441	2,039,467	599,867	509,680	232,524	224,843	11,304,822	11,262,781
Accumulated amortization								
Opening balance	(6,658,830)	(1,996,220)	(533,160)	(464,902)	(220,245)	(192,741)	(10,066,098)	(14,426,895)
Disposals	16,894	-	-	-	-	36,652	53,546	-
Amortization allocated to COGS	(62,679)	(11,056)	(17,206)	-	-	(5,467)	(96,408)	(106,029)
Amortization allocated to SG&A	(23,755)	-	(11,387)	(11,428)	(7,439)	(14,353)	(68,362)	(69,562)
Adjustments due to PFL divestment	(69,540)	(11,056)	(28,593)	(11,428)	(7,439)	16,832	(111,224)	(175,591)
Closing balance	(6,728,370)	(2,007,276)	(561,753)	(476,330)	(227,684)	(175,909)	(10,177,322)	(10,094,097)
Net book value	970,071	32,191	38,114	33,350	4,840	48,934	1,127,500	1,168,684

Nunavut Development Corporation
 Consolidated Schedule of Sales
 For the year ended March 31

Schedule B

	Arts & Craft	Meat & Fish	2016 Actual	2015 Actual
Sales				
Meat & Fish	38,033	613,652	651,685	564,203
Fish	-	514,675	514,675	1,578,972
Royalty - CSFL/PFL partnership	-	-	-	500,000
Muskox	-	18,680	18,680	-
Arts & Crafts	1,751,180	-	1,751,180	1,476,125
Supplies	1,285	-	1,285	28,371
Pangnirtung Post Office Income	63,081		63,081	23,356
Qiniq Internet Service Income	36,014		36,014	28,786
Management Fee	-	8,653	8,653	4,097
Intercompany sales elimination	(302,557)	(57,016)	(359,573)	(294,333)
Total	1,587,036	1,098,644	2,685,680	3,909,577

Nunavut Development Corporation
 Consolidated Schedule of Cost of Goods Sold
 For the year ended March 31

Schedule C

	Arts & Craft	Meat & Fish	2016 Actual	2015 Actual
Cost of goods sold				
Opening Inventory	1,887,952	643,992	2,531,944	2,717,497
Purchases	1,137,151	571,656	1,708,807	2,085,227
Product repair and development	9,606	-	9,606	12,430
Commission	35,573	-	35,573	7,984
Direct Labour	382,825	399,722	782,547	939,169
Utilities	126,521	359,972	486,493	590,953
Plant maintenance and repair	-	-	-	21,435
Tools and Vehicle expenses	-	-	-	23,034
Food safety & Productivity expenses	-	12,612	12,612	13,437
Freight and packaging	53,055	287,921	340,976	398,140
Inventory write-down/markdown	2,039	-	2,039	6,846
Closing Inventory	(1,806,026)	(694,744)	(2,500,770)	(2,531,944)
Inter-company purchases elimination	(340,847)	-	(340,847)	(294,333)
Amortization expenses on TCA	26,424	69,984	96,408	124,430
Total	1,514,273	1,651,115	3,165,388	4,114,305

Nunavut Development Corporation
 Consolidated Schedule of Selling and Administration Expenses
 For the year ended March 31

Schedule D

	Arts & Craft	Meat & Fish	2016 Actual	2015 Actual
Selling and administration expenses				
Advertising and promotion	132,518	3,702	136,220	107,280
Bad debts	29,596	3,224	32,820	2,732
Board expenses	119,977	-	119,977	103,036
Bank charges and interest	39,001	11,162	50,163	57,168
Department of Fisheries & Oceans Sampling costs	-	5,905	5,905	5,905
Freight and postage	7,550	-	7,550	-
Insurance	11,084	-	11,084	-
Legal fees	10,603	-	10,603	27,182
Licenses and lease	2,494	7,599	10,093	27,685
Miscellaneous	23,228	65	23,293	5,768
Office supplies	79,467	22,840	102,307	108,689
Outpost Camps	-	9,302	9,302	17,183
Professional fees	78,669	42,018	120,687	80,652
Rent	119,334	-	119,334	114,470
Repairs and maintenance	28,315	92,053	120,368	96,207
Salaries and benefits	1,394,603	286,674	1,681,277	1,863,251
Telephone and utilities	78,081	11,757	89,838	96,704
Training expenses	15,066	-	15,066	14,651
Translating	23,382	-	23,382	5,333
Travel	181,182	9,551	190,733	185,816
Vehicle expenses	1,692	11,746	13,438	10,841
Project expenses	-	89,915	89,915	17,943
Intercompany eliminations	(18,726)	-	(18,726)	-
Amortization expenses on TCA	37,949	30,413	68,362	92,763
Total	2,395,065	637,926	3,032,991	3,041,259

Nunavut Development Corporation
 Consolidated Schedule of Related Party Balances
 As at March 31

Schedule E

Consolidated Financial Reporting Entity	Asset Balances	Liability Balances	Revenue Balances	Expense Balances
Consolidated Revenue Fund				
Office of the Legislative Assembly	5,023		7,129	
Departments				
Community and Government Services			420	
Culture and Heritage	2,923		1,619	
Economic Development and Transportation	4,447		44,555	2,536
Education			3,251	
Environment	51,529	29,859	148,747	
Executive and Intergovernmental Affairs			14,588	
Family Services			2,607	
Finance	3,073	1,096	16,337	7,401
Health	2,562		16,319	
Justice			14,238	
Territorial Corporations				
Nunavut Arctic College				
Nunavut Business Credit Corporation				
Nunavut Development Corporation (including subsidiaries)	-	-	-	-
Nunavut Housing Corporation (including LHO subsidiaries)				
Qulliq Energy Corporation		35,048		365,019
Revolving Funds				
Liquor Revolving Fund				
Petroleum Products Revolving Fund		61,304	328	105,520
Other Public Service Bodies				
District Education Authorities				
Human Rights Tribunal				
Labour Standards Board				
Legal Services Board				
Nunavut Liquor Licensing Board				
Quilliit Nunavut Status of Women Council				
Nutrition North			2,990	
Total Related Party Balances	\$69,557	\$127,307	\$273,128	\$480,476



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Annual Report 2015-16



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NUNAVUT DEVELOPMENT CORPORATION
LA CORPORATION DE DÉVELOPPEMENT DU NUNAVUT
NUNAVURNAI PIVALLAJUTIKHALIRINIMUT KUAFURISINGAT