

Annual Report

2009/2010





Table of Contents

Message from the Chairperson.....	2
Message from the President.....	3
Subsidiary Operational Summary.....	4
Consolidated Financial Statements.....	19
Notes to Consolidated Financial Statements	25



Message from The Chairperson

March 31, 2010

The Honourable Peter Taptuna
Minister Responsible for Nunavut Development Corporation
Nunavut Legislative Assembly, Iqaluit, NU

Dear Minister:

On behalf of my fellow directors, I am pleased to be able to present to you the Annual Report of the Nunavut Development Corporation for the fiscal year ended March 31st, 2010.

The Corporation had a good year particularly in the area of arts and crafts. Exciting initiatives such as the 2010 Inukshuk Project and the Olympic tapestry commission titled Achieving a Dream, produced at Uqqurmiut Arts and Crafts, were programs we were very proud to be associated with.

This past year the Corporation also undertook an initiative to draw in a large number of raw sealskins to help offset some of the pullback in this sector associated with developments in markets far from home. Significant product development initiatives are afoot within the Corporation that, I believe, will bring about new market opportunities for sealskin and help keep demand strong for this important local resource.

Partnering with local HTO's, new commercial winter char fisheries were established in Coral Harbour, Igloolik and Hall Beach generating additional income earning opportunities for fisherman in these communities. The commercial harvesting of both muskox and char resources in Cambridge Bay was also successful.

During this past year important formal steps were taken between Nunavut Development Corporation and Cumberland Sound Fisheries Ltd. (CSFL) to advance the prospect of a Pangnirtung Fisheries Ltd. (PFL) owned and controlled by CSFL. The offshore turbot fishery in Nunavut is rapidly developing and for PFL to fully take advantage of opportunities in this important sector an increased element of local control is critical.

Finally, after many years, the Corporation activated its venture investment fund. Working closely with other Nunavut investment agencies the Board approved an equity investment in the Arctic Fishery Alliance. The Arctic Fishery Alliance, representing the communities of Qikiqtarjuaq, Pond Inlet, Resolute Bay and Grise Fiord is involved in harvesting Nunavut's off-shore turbot resource.

This past year was a positive one, with numerous important job creation and economic development initiatives undertaken. I would like to thank my Board colleagues and staff members for their commitment.

Respectfully submitted,

Louie Kamookak, Chairperson



Message from The President

Fiscal year 2009-10 was an exciting year for the Corporation. There were many new initiatives undertaken that not only fostered economic development and job creation but also spoke loudly of the pride we feel for our Territory.

The Corporation continued to pursue its five year operating strategy as approved by the Board in 2008. Key to the strategy was the revitalization of the Corporation's Venture Investment Fund. Other important elements of the strategy involved improved financial performance both within the subsidiary portfolio and the Sales Division.

Last year the Corporation grew the Venture Investment Fund to \$764,000 before making an equity investment totaling \$250,000. For a second successive year the Corporation reduced the amount of subsidy paid to its portfolio of companies. The Sales Division, despite a difficult economic climate to start the year, performed well overall.

There were setbacks in the year just ended, the most significant of which was the deferral of a commercial caribou harvest. The Corporation recognizes and supports the importance of working closely with all stakeholders in our harvesting initiatives to ensure the healthy preservation of all our wildlife resources.

A key measure of our success is our job creation effectiveness. I am pleased to report that despite a fallback from the previous year, related primarily to the lack of a caribou harvest and purchasing supporting the 2010 Inukshuk project coming to an end, our employment statistics remained healthy and comparable to past years.

In closing I would like to state that NDC recognizes and supports fully the Government's priorities as contained in Tamapta 2009-2013. The nature of our organization leads to a representative workforce throughout and we take pride in helping to develop key economic sectors such as arts and crafts, commercial harvesting, fur fashions, food processing and business development that so many of our residents rely upon in some way, shape or form.

Matna,

Darrin Nichol, President



Subsidiary Operational Summary

Ivalu Ltd. | Rankin Inlet, NU

Ivalu	2010	2009
Sales	\$192,261	\$161,566
Nunavut Development Corporation	\$25,000	\$50,000
Subsidy Contributions		
Net Profit (Loss) "After Subsidy"	\$10,113	\$(3,594)
Nunavut Development Corporation	-	\$20,000
Other Contributions		
Jobs	2.29	2.80

- » Retail arts and crafts store with products from other Nunavut Development Corporation subsidiaries, as well as local carvings.
- » Wholly owned subsidiary of the Nunavut Development Corporation.
- » **Board of Directors**
Brian Zawadski
- » **Sales Associate**
Vicky Pilakapsi



Subsidiary Operational Summary

Jessie Oonark Ltd. | Baker Lake, NU

Jessie Oonark Ltd.	2010	2009
Sales	\$340,561	\$351,128
Nunavut Development Corporation Subsidy Contributions	\$140,000	\$150,008
Net Profit (Loss) "After Subsidy"	\$(30,694)	\$(1,281)
Nunavut Development Corporation Other Contributions	\$17,000	\$14,000
Jobs	10.60	8.40

- » Retail and production of arts and crafts including silkscreen and embroidery cards and clothing.
- » Wholly owned subsidiary of the Nunavut Development Corporation.
- » **Board of Directors**
 - Karen Yip
 - Lindsey Baker
 - Thomas Iksiraq
 - Boris Kotelewetz
 - Hugh Tulurialik
- » **General Manager**
 - David Ford



Subsidiary Operational Summary

Kiluk Ltd. | Arviat, NU

Kiluk Ltd.	2010	2009
Sales	\$173,137	\$178,506
Nunavut Development Corporation Subsidy Contributions	\$120,000	\$120,000
Net Profit (Loss) "After Subsidy"	(\$6,724)	\$998
Nunavut Development Corporation Other Contributions	-	\$350
Jobs	4.10	5.30

- » Retail and production of arts and crafts; local seamstresses use a variety of leather and furs, specializing in sealskin products.
- » Wholly owned subsidiary of the Nunavut Development Corporation.
- » **Board of Directors**
 - Eva Arnalukjuak
 - Hattie Alagalak
 - Lena Arviyut
 - Kevin Kelly
- » **General Manager**
 - Sherlyn Price



Subsidiary Operational Summary

Kitikmeot Foods Ltd. | Cambridge Bay, NU

Kitikmeot Foods	2010	2009
Sales	\$670,003	\$592,860
Nunavut Development Corporation Subsidy Contributions	\$350,000	\$360,000
Net Profit (Loss) "After Subsidy"	\$(14,834)	\$(38,980)
Nunavut Development Corporation Other Contributions	\$80,000	\$100,000
Jobs	11.40	11.90

- » Plant processing of meat and fish including arctic char and muskox.
- » Majority owned subsidiary of the Nunavut Development Corporation; holds 98% of voting stock.
- » Minority owner Ikaluktutiak Coop of Cambridge Bay; holds 2 % of voting stock.
- » **Board of Directors**
 - Bill Lyall
 - Doug Crossley
 - Mark Haongak
 - Wilf Wilcox
 - Brian Zawadski
- » **Production Manager**
 - Stephane Lacasse
- » **Administration Manager**
 - Monique Giroux



Subsidiary Operational Summary

Kivalliq Arctic Foods Ltd. | Rankin Inlet, NU

Kivalliq Arctic Foods	2010	2009
Sales	\$707,927	\$470,821
Nunavut Development Corporation Subsidy Contributions	\$100,000	\$150,046
Net Profit (Loss) "After Subsidy"	\$(72,055)	\$(177,334)
Nunavut Development Corporation Other Contributions	-	-
Jobs	7.81	14.99

- » Plant processing of meat and fish including arctic char and caribou.
- » Wholly owned subsidiary of the Nunavut Development Corporation.
- » **Board of Directors**
David Oolooyuk
Brian Zawadski
- » **General Manager**
Brian Schindel



Subsidiary Operational Summary

Pangnirtung Fisheries Ltd. | Pangnirtung, NU

Pangnirtung Fisheries	2010	2009
Sales	\$2,811,416	\$2,973,872
Nunavut Development Corporation Subsidy Contributions	\$150,000	\$170,000
Net Profit (Loss) "After Subsidy"	\$(127,094)	\$(41,189)
Nunavut Development Corporation Other Contributions	\$15,000	\$37,000
Jobs	32.30	27.80

- » Plant processing of fish including arctic char and turbot.
- » Majority owned subsidiary of the Nunavut Development Corporation; holds 51% of voting stock.
- » Minority owner Cumberland Sound Fisheries holds 49% of voting stock.
- » **Board of Directors**
 - Joopa Sowdluapik
 - Manasa Evic
 - Hezakiah Oshutapik
 - Peah Sowdluapik
 - Adamie Veevee
 - Roger Alivaktuk
- » **General Manager**
 - Don Cunningham



Subsidiary Operational Summary

Papirug Fisheries Ltd. | Whale Cove, NU

Papirug Fisheries	2010	2009
Sales	\$7,580	\$11,251
Government of Nunavut Subsidy Contributions	\$25,000	\$25,000
Net Profit (Loss) "After Subsidy"	\$175	\$(7,395)
Nunavut Development Corporation Other Contributions	-	-
Jobs	0.30	0.49

- » Plant processing of fish including arctic char.
- » Majority owned subsidiary of the Nunavut Development Corporation; holds 51% of voting stock.
- » Minority owner Issatik Hunters and Trappers Organization holds 49% of voting stock.
- » **Board of Directors**
Brian Zawadski



Subsidiary Operational Summary

Taluo Designs Ltd. | Taloyoak, NU

Taluo	2010	2009
Sales	\$77,335	\$115,777
Nunavut Development Corporation	\$120,000	\$124,998
Subsidy Contributions		
Net Profit (Loss) "After Subsidy"	\$(40,879)	\$(11,492)
Nunavut Development Corporation	-	-
Other Contributions		
Jobs	4.20	6.19

- » Retail and production of arts and crafts specializing in Inuit packing dolls.
- » Majority owned subsidiary of the Nunavut Development Corporation; holds 51% of voting stock.
- » Minority owner Netsilik Arqnakvik holds 49% of voting stock.
- » **Board of Directors**
 - Elizabeth Aiyout
 - Anaoyok Alookee
 - Anginalluq Uttaq
 - Brian Zawadski
- » **General Manager**
 - Mona Igutsaq



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Uqqurmiut Centre for Arts & Crafts

Subsidiary Operational Summary

Uqqurmiut Arts & Crafts Ltd. | Pangnirtung, NU

Uqqurmiut Arts & Crafts	2010	2009
Sales	\$516,373	\$458,249
Nunavut Development Corporation Subsidy Contributions	\$170,000	\$150,000
Net Profit (Loss) "After Subsidy"	\$(10,849)	\$(165,636)
Nunavut Development Corporation Other Contributions	\$120,000	\$13,000
Jobs	19.50	26.40

- » Retail and production of arts and crafts including prints, and wool clothing and tapestries woven in tapestry studio.
- » Majority owned subsidiary of the Nunavut Development Corporation; holds 51% of voting stock.
- » Minority owner Uqqurmiut Inuit Artists Association holds 49% of voting stock.
- » **Board of Directors**
 - Geetee Maniapik
 - Jacopie Maniapik
 - Towkie Karpik
 - Manasie Noah
 - Marlene Angnakak
- » **General Manager**
 - Kyra Fisher





Sales Division

	2010	2009
Total Sales	\$1,713,602	\$1,972,624
Cost of Goods Sold	\$(1,335,244)	\$(1,602,924)
Gross Margin	\$378,358	\$369,700
Selling & Admin Expenses	\$634,144	\$704,105
Cost of Operations	\$(255,786)	\$(334,405)
Capital Expenditures	\$0.00	\$31,156
Jobs	28.56	55

- » **Manager of Southern Operations**
Tom Chapman
- » **Arctic Nunavut Retail**
Terminal 3 Retail Court
Pearson International Airport
- » **Nunavut Development Corporation Wholesale**
6675 Millcreek Drive, Unit 4
Mississauga, ON



Headquarters

PO Box 249
Rankin Inlet, NU
XOC OGO

	2010	2009
Miscellaneous Revenue	\$6,982	\$53,845
Cost of Goods Sold	-	-
Gross Margin	\$6,982	\$53,845
Selling & Admin Expenses	\$(1,213,399)	\$(1,396,996)
Cost of Operations	\$(1,206,417)	\$(1,343,151)
Capital Expenditures	\$7,195	\$6,750
Jobs	5.00	5.00

Headquarters Staff

- » **President**
Darrin Nichol
- » **Business Advisor**
Brian Zawadski
- » **Business Advisor**
Kevin Kelly
- » **Controller**
Balaji Ramamani
- » **Manager Finance & Administration**
Bernadette Tutanuak



Board of Directors

Director	Position	Community	Appointed	Expires
Louie Kamookak	Chairperson	Gjoa Haven	Apr 01, 2008	Mar 31, 2011
Nancy Karetak-Lindell	Vice Chair	Arviat	Mar 09, 2009	Mar 09, 2012
Wayne Solomon	Secretary	Cambridge Bay	Apr 01, 2008	Mar 31, 2011
David Alagalak	Director	Arviat	Mar 09, 2009	Mar 09, 2012
Thomas Druyan	Director	Iqaluit	Apr 01, 2008	Mar 31, 2011
Donald Havioyak	Director	Kugluktuk	Mar 09, 2009	Mar 09, 2012
Zacharis Kunuk	Director	Iqloolik	Mar 09, 2009	Mar 09, 2012
Chris Rudd	Director	Rankin Inlet	Mar 09, 2009	Mar 09, 2012

» The Executive Committee

Section 20 of the Nunavut Development Corporation Act calls for the establishment of three Board sub-committees, an Investment Committee, an Audit Committee and a Personnel Committee.

The Board has decided that it is more effective to operate with only one sub-committee as opposed to three and has established an Executive Committee to carry out the roles and responsibilities assigned to each sub-committee in the Act. The full Board meets face-to-face twice a year and the Executive Committee meets with senior officials of the Corporation quarterly. The Executive Committee for fiscal year 2009-2010 consisted of:

» Chairperson

Louie Kamookak

» Vice Chairperson

Nancy Karetak Lindell

» Secretary

Wayne Solomon

Job Creation

The following jobs were created or maintained by the Corporation and its subsidiaries during the 2009-2010 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 \$27,650 paid during the year to local artists or harvesters; and
- » an indirect job as \$27,650 paid to local organizations for labour.

The hours worked or dollars paid may be aggregated to arrive at the total number of jobs.

Subsidiary Investments	Direct Jobs	Direct Traditional Jobs	Indirect Jobs	Total Jobs 2010	Total Jobs 2009
Arctic Foods					
Kivalliq Arctic Foods Ltd.	6.32	1.45	0.04	7.81	14.99
Kitikmeot Foods Ltd.	7.80	3.60	-	11.40	11.90
Pangnirtung Fisheries Ltd.	17.70	10.90	3.70	32.30	27.80
Papiruaq Fisheries Ltd.	0.14	0.16	-	0.30	0.49
Light Manufacturing					
Ivalu Ltd.	1.15	1.14	-	2.29	2.80
Jessie Oonark Ltd.	5.50	5.10	-	10.60	8.40
Kiluk Ltd.	3.56	0.54	-	4.10	5.30
Taluq Design Ltd.	2.82	1.38	-	4.20	6.19
Uqqurmiut Arts & Crafts Ltd.	12.70	6.80	-	19.50	26.40
Sub-total	57.69	31.07	3.74	92.50	104.27
Nunavut Development Corporation	5.00	28.56	-	33.56	60.00
Total	62.69	59.63	3.74	126.06	164.27





Consolidated Financial Statements

March 31, 2010

Nunavut Development Corporation

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of the Nunavut Development Corporation 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 and the valuation of the inventory, that are necessarily based on management's best estimates and judgment.

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

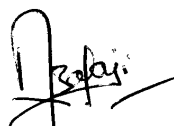
In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls and practices 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 financial statements of the Corporation and for issuing the report thereon.



Darrin Nichol
President



Balaji Ramamani, CMA (U.S)
Controller

Rankin Inlet, Canada
July 5, 2010



AUDITOR'S REPORT

To the Minister of Economic Development and Transportation

I have audited the consolidated balance sheet of Nunavut Development Corporation as at 31 March 2010 and the consolidated statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform 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.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2010 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.

Further, in my opinion, proper books of account have been kept by the Corporation and its subsidiaries and the consolidated financial statements are in agreement therewith. In addition, the transactions of the 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*, the *Business Corporations Act* and the by-laws of the Corporation and its subsidiaries.

John Apt, CA
Principal
For the Auditor General of Canada

Ottawa, Canada
5 July 2010

Nunavut Development Corporation

Consolidated Balance Sheet As at March 31

	<u>2010</u>	<u>2009</u>
Assets		
Current:		
Cash (Note 4)	\$ 2,299,992	\$ 1,968,286
Short-term investments (Note 5)	1,256,243	1,195,938
Accounts receivable, net of allowance	1,399,788	1,110,560
Inventories (Note 6)	2,865,901	3,321,680
Deposits and prepaid expenses	<u>39,229</u>	<u>39,050</u>
	7,861,153	7,635,514
Venture Investment (Note 7)	250,000	-
Property, plant and equipment (Note 8)	<u>1,207,092</u>	<u>1,156,480</u>
	<u>\$ 9,318,245</u>	<u>\$ 8,791,994</u>
Liabilities		
Current:		
Bank overdraft (Note 9)	\$ 12,270	\$ 72,018
Bank operating loan (Note 10)	370,510	90,000
Accounts payable and accrued liabilities	732,962	777,369
Deferred revenue (Note 11)	<u>334,000</u>	<u>154,819</u>
	1,449,742	1,094,206
Deferred capital contributions (Note 12)	2,727,567	2,644,383
Minority interest	<u>1</u>	<u>1</u>
	<u>4,177,310</u>	<u>3,738,590</u>
Equity		
Contributed equity – venture investments (Note 13)	763,899	592,899
Contributed equity (Note 14)	13,138	13,138
Retained earnings	<u>4,363,898</u>	<u>4,447,367</u>
	<u>5,140,935</u>	<u>5,053,404</u>
	<u>\$ 9,318,245</u>	<u>\$ 8,791,994</u>

Commitments (Note 15)

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

Approved by the Board:



Louie Kamookak
Chairperson of the Board of Directors

Nunavut Development Corporation

Consolidated Statement of Income, Comprehensive Income and Retained Earnings For the year ended March 31

	<u>2010</u>	<u>2009</u>
Revenues (Schedule 1):		
Sales	\$ 6,888,147	\$ 6,818,423
Cost of goods sold	<u>(6,158,455)</u>	<u>(6,426,009)</u>
Gross profit	729,692	392,414
Interest and other income (Note 4)	<u>40,699</u> <u>770,391</u>	<u>68,652</u> <u>461,066</u>
Expenses:		
Selling and administrative (Note 16)	(3,559,441)	(3,869,948)
Project expenses	(861,987)	(356,052)
Amortization	<u>(246,643)</u>	<u>(228,784)</u>
	<u>(4,668,071)</u>	<u>(4,454,784)</u>
Net loss before contributions	(3,897,680)	(3,993,718)
Contributions and cost recovery:		
Government Contributions (Note 17)	3,790,971	3,622,014
Cost Recovery from Non-government	<u>23,240</u>	<u>71,899</u>
	<u>3,814,211</u>	<u>3,693,913</u>
Net and comprehensive loss	(83,469)	(299,805)
Retained earnings, beginning of the year	<u>4,447,367</u>	<u>4,747,172</u>
Retained earnings, being accumulated comprehensive income, end of the year	<u>\$ 4,363,898</u>	<u>\$ 4,447,367</u>

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

Nunavut Development Corporation

Consolidated Statement of Cash Flows For the year ended March 31

	<u>2010</u>	<u>2009</u>
Cash provided by (used in)		
Operating activities:		
Cash provided from sale of goods	\$ 6,689,485	\$6,989,196
Cash provided by government and other contributions	3,699,788	3,557,243
Cash paid to suppliers	(6,282,475)	(6,421,529)
Cash paid to employees	(2,161,949)	(2,031,559)
Cash used in projects	(861,987)	(356,052)
Cash used in other operations	<u>(900,649)</u>	<u>(2,200,609)</u>
Net cash provided by (used in) operating activities	<u>182,213</u>	<u>(463,310)</u>
Financing activities:		
Bank operating loan obtained (repaid)	280,510	(110,000)
Venture equity contribution provided by the Government of Nunavut (Note 13)	171,000	80,000
Capital contributions provided by the Government of Nunavut (Note 12)	<u>260,000</u>	<u>260,000</u>
Net cash provided by financing activities	<u>711,510</u>	<u>230,000</u>
Investing activities:		
Acquisition of property, plant and equipment	(325,893)	(268,224)
Deferred capital assistance	133,929	19,219
Purchase of short-term investments	(60,305)	(195,938)
Preferred shares venture investment (Note 7)	<u>(250,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(502,269)</u>	<u>(444,943)</u>
Net increase (decrease) in cash	391,454	(678,253)
Net cash, beginning of the year	<u>1,896,268</u>	<u>2,574,521</u>
Net cash, end of the year *	<u>\$ 2,287,722</u>	<u>\$ 1,896,268</u>
* Represented by		
Cash (Note 4)	\$ 2,299,992	\$1,968,286
Less: Bank overdraft (Note 9)	(12,270)	(72,018)
Net cash	<u>\$ 2,287,722</u>	<u>\$1,896,268</u>

Supplemental Information

Interest and bank charges	\$85,956	\$88,429
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The accompanying notes and schedule are an integral part of these consolidated financial statements.

Nunavut Development Corporation

Notes to Consolidated Financial Statements

March 31, 2010

1. The Corporation

(a) Authority

The Nunavut Development Corporation (the “Corporation”) is a Crown corporation of the Government of Nunavut (the “Government”) named in Schedule B of the *Financial Administration Act* (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* (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.

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 and divestment guidelines were approved by the Board of Directors on October 6th, 2004 and the Government’s Financial Management Board on January 28th, 2005.

(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.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies of the Corporation are:

(a) Principles of Consolidation

The consolidated financial statements include the assets, liabilities, other comprehensive income, revenue, and expenses of the parent company, Nunavut Development Corporation and its Subsidiaries. All intercompany transactions and balances have been eliminated. The Corporation controls all of its subsidiaries but does not hold 100% interest in all of them. The non-controlling interests in the various Subsidiaries have been reduced by the losses applicable to the non-controlling interests. The applicable losses are limited to the non-controlling interests' capital investment in the Subsidiaries. The excess, and any further losses applicable to the non-controlling interest, are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

The following chart lists the Subsidiary investments comprising the consolidated corporate reporting entity:

Subsidiary Investment	Location	Ownership %	Date Incorporated
Arctic Foods:			
Kivalliq Arctic Foods Ltd.	Rankin Inlet	100%	October 2, 1992
Kitikmeot Foods Ltd.	Cambridge Bay	98%	April 9, 1992
Pangnirtung Fisheries Ltd.	Pangnirtung	51%	September 11, 1992
Papiruaq Fisheries Ltd. (formerly 933261 N.W.T. Ltd)	Whale Cove	51%	February 1, 1993
Light Manufacturing:			
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

(b) Measurement Uncertainty

Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make estimates and judgments that affect the reported amounts of assets, liabilities and comprehensive income and disclosures reported in the financial statements. The more significant areas requiring the use of management estimates are related to the fair value of financial instruments, the allowance for doubtful accounts receivable and the provision to reduce inventories to their estimated net realizable value. Actual results may differ from those estimated.

(c) Venture Investment

The Corporation is a registered holder of 250 Class D Preferred LP Units in Arctic Fishery Alliance Limited Partnership. The rights of a holder of Class D Preferred LP 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. The Class D Preferred Distribution amount shall accrue daily, compound annually and be payable in arrears by the Partnership to the Corporation on the last business day of each month. This investment is accounted for using the cost method.

(d) Inventories

Inventories consist of raw materials, work-in-process and finished goods and are classified as arctic foods or light manufacturing. Raw materials and work-in-process are valued at the lower of cost and net realizable value. Finished goods are valued at the lower of cost and estimated net realizable value, with cost being determined on a weighted average basis. Cost for non-interchangeable items like carvings are assigned by using specific identification of their individual costs.

(e) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated amortization. Amortization is recorded by the straight-line method at rates set out below:

Buildings	5% - 10%
Equipment	20%
Leasehold improvements	10% - 20%
Office furniture and equipment	20%
Computer equipment	50% - 100%
Automotive equipment	20%

(f) Employee Future Benefits

Employees of the Corporation are not employees of the public service as defined in the *Public Service Act*. The Corporation makes contributions on behalf of its employees' to registered retirement savings plans up to established limits. There is no obligation by the employees to make contributions. In 2010, the Corporation's contributions were \$33,230 (2009 - \$29,519). These contributions represent the total pension obligation of the Corporation and are recognized in accounts payable and accrued liabilities on a current basis.

The Corporation's employees are also entitled to annual leave under their terms of employment. The liability for employee leave benefits is recorded as the benefits accrue to the employees.

(g) Government Contributions

The contributions approved for providing operating subsidies and working capital advances to the Subsidiaries are recognized as revenue in the year that the subsidy or advance is expensed to the Subsidiary. A subsidy contribution which has not been expended at year-end, as it relates to future expenses, may be carried forward to the following year and is recorded as deferred revenue.

The contributions approved to assist in financing the parent company's head office and the sales operations are recognized as revenue in the year they are approved by the Legislative Assembly of the Government.

The contributions approved for investments in majority-owned subsidiaries are recorded as deferred capital contributions and are amortized (into income) on the same basis as they are invested into these subsidiaries.

The contributions approved for the purchase of capital assets for the parent company are recorded as deferred capital contributions and are amortized (into income) on the same basis as the amortization of the related property, plant and equipment.

The contributions approved for investments in loans receivable, preferred shares or non-controlling interests in common shares are recorded as contributed equity – venture investments and are recognized in the year in which the funds are advanced from the Government of Nunavut.

The contributions paid directly to Subsidiaries from the Government are for the purpose of funding specific projects or for reimbursement for cost of freight and power, and are recognized as revenue in the year that the business expenses are incurred.

(h) Cost Recovery

The cost recovery made by Subsidiaries directly from non-government organizations are for the purpose of training and development and are recognized as cost recovery in the year that the business expenses are incurred.

(i) Revenue

The Corporation realizes revenues generated by its commercial activities at the point of sale.

(j) Non-Monetary Transactions

In the normal course of operations, the Corporation enters into agreements for the exchange of goods or services. The transactions are commercial in nature and are recognized at fair value.

(k) Services Provided Without Charge

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

(I) Financial Instruments – Recognition and Measurement

The classification of financial instruments is determined by management at initial recognition and depends on the purpose for which the financial assets were acquired or financial liabilities were incurred.

The Corporation's financial instruments consist of cash, short-term investments, accounts receivable, venture investment, bank overdraft, bank operating loan, accounts payable and accrued liabilities. The estimated fair values of these financial instruments are approximated by their carrying amounts due to the relatively short period to maturity of these instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency, liquidity or credit risks arising from these financial instruments.

All financial instruments are required to be measured at fair value on initial recognition. Transaction costs are expensed as incurred. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. The Corporation's financial assets and financial liabilities are categorized as follows:

Held for trading – Cash and short-term investments are classified as held for trading and measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise.

Held-to-maturity – Preferred shares venture investment is classified as held-to-maturity and after initial recognition is subsequently measured at amortized cost using the effective interest method.

Loans and receivables – Accounts receivable are classified as loans and receivables and after initial recognition are subsequently measured at amortized cost using the effective interest method.

Other financial liabilities – Accounts payable and accrued liabilities, bank overdraft, and bank operating loan are classified as other financial liabilities and after initial recognition are subsequently measured at amortized cost using the effective interest method.

Settlement date accounting is used for purchases and sales of financial assets.

Fair value

In estimating fair value, the Corporation utilizes quoted market prices when available. Models incorporating observable market data along with transaction specific factors are also utilized in estimating fair value. Financial assets and financial liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. Accounting Changes

(a) Adoption of new accounting standards

The Canadian Institute of Chartered Accountants (CICA) issued new accounting standards which were in effect for the Corporation's fiscal year ended March 31, 2010.

(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). The new standard did not have an impact on the Corporation's consolidated financial statements.

(ii) 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 Corporation's fiscal year ended March 31, 2010. As the amendments only concern disclosure requirements, they do not have an impact on the results or financial position of the corporation. The required disclosures are included in Note 2(k) and Note 20.

(b) Recent accounting pronouncements issued and not yet adopted

The Canadian Institute of Chartered Accountants (CICA) issued the following new accounting standards which will become effective for Corporation's fiscal year ended March 31, 2011.

(i) 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 re-assess their classification.

Under the revised introduction, the Nunavut Development Corporation (NDC) is classified as an Other Government Organization (OGO). As an OGO, The Corporation 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. NDC will adopt the standards issued by the Public Sector Accounting Board for its fiscal year beginning April 1, 2011. The Corporation is currently evaluating the impact of the adoption of these standards.

4. Cash

	<u>2010</u>	<u>2009</u>
Cash held by the Subsidiaries	\$ 449,236	\$ 442,834
Cash held by the parent company	<u>1,850,756</u>	<u>1,525,452</u>
	<u>\$ 2,299,992</u>	<u>\$ 1,968,286</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. Net investment income from the parent company's operating and fund bank accounts which accumulate interest at rates ranging from 2.25% to 2.50% per annum on the daily average of the daily closing credit balances in the operating and fund bank account of \$5,400 (2009 - \$49,698), is included in other income.

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

	<u>2010</u>	<u>2009</u>
Capital fund	\$ 182,914	\$ 186,029
Capital reserve fund	391,824	367,924
Venture investment fund	488,880	592,880
Venture reserve fund	<u>25,000</u>	<u>-</u>
Total Fund Balances	<u>\$ 1,088,618</u>	<u>\$ 1,146,833</u>

5. Short-term investments

Kivalliq Arctic Foods Ltd has a short-term deposit consisting of fixed rate Guaranteed Investment Certificates (GICs) at the RBC Royal Bank, bearing interest rates from 0.15% to 1.25% per annum, and maturing during the 2011 fiscal year.

6. Inventories

	<u>2010</u>	<u>2009</u>
Raw materials and work-in-process:		
Arctic foods	\$ 152,471	\$ 422,074
Light manufacturing	<u>245,976</u>	<u>234,464</u>
	<u>398,447</u>	<u>656,538</u>
Finished goods:		
Arctic foods	157,151	317,559
Light manufacturing	<u>1,788,266</u>	<u>2,055,890</u>
	<u>1,945,417</u>	<u>2,373,449</u>
Packaging materials and supplies	<u>522,037</u>	<u>291,693</u>
	<u>\$ 2,865,901</u>	<u>\$ 3,321,680</u>

During the year, inventories of \$15,825 (2009 - \$57,089) were written-off.

7. Venture Investment

	<u>2010</u>	<u>2009</u>
Preferred Shares	\$ 250,000	\$ -

On March 19, 2010, the Corporation acquired 250 Class D Preferred Limited Partnership units in Arctic Fishery Alliance. The Corporation is entitled to receive a fixed cumulative annual distribution of 6.25% based on its investment. The shares are redeemable at the end of the five years.

8. Property, Plant and Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2010 Net Book Value</u>	<u>2009 Net Book Value</u>
Buildings	\$ 9,796,549	\$ 9,043,184	\$ 753,365	\$ 737,000
Equipment	3,363,829	3,190,562	173,267	185,699
Leasehold improvements	436,463	270,149	166,314	85,392
Office furniture and equipment	545,412	486,956	58,456	77,497
Computer equipment	321,140	301,662	19,478	18,724
Automotive equipment	<u>278,781</u>	<u>242,569</u>	<u>36,212</u>	<u>52,168</u>
	<u>\$ 14,742,174</u>	<u>\$13,535,082</u>	<u>\$ 1,207,092</u>	<u>\$ 1,156,480</u>

9. Bank overdraft

Based on operational needs, the operating account may from time to time be in an overdraft position. The overdraft is guaranteed by the Government of Nunavut and interest on the overdraft is charged based on a rate of prime plus 0.50% per annum. Interest is charged only when the Corporation's operating account is in an overdraft position and the pooled accounts of the Government are also in an overdraft position.

The bank overdraft at year-end was comprised as follows:

	<u>2010</u>	<u>2009</u>
Uqqurmiut Arts & Craft Ltd	\$ 12,270	\$ -
Kitikmeot Foods Ltd	<u>-</u>	<u>72,018</u>
	<u>\$ 12,270</u>	<u>\$ 72,018</u>

10. Bank Operating Loan

Pangnirtung Fisheries Ltd. has a demand operating line of credit of \$500,000 at the bank prime rate plus 0.5%. The line of credit is secured by a floating charge debenture covering all of the Subsidiary's assets and a support agreement signed by the parent company.

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.

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.

The bank operating loan at year-end was comprised as follows:

	<u>2010</u>	<u>2009</u>
Pangnirtung Fisheries Ltd	\$ 370,510	\$ -
Kitikmeot Foods Ltd	-	90,000
	<u>\$ 370,510</u>	<u>\$ 90,000</u>

11. Deferred Revenue

	<u>2010</u>	<u>2009</u>
Held by Subsidiaries	\$ 50,000	\$ 62,819
Held by Parent company	284,000	92,000
	<u>\$ 334,000</u>	<u>\$ 154,819</u>

Deferred revenue relates to a subsidy contribution which has not been expended at year-end, as it relates to future expenses.

12. Deferred Capital Contributions

	<u>2010</u>	<u>2009</u>
Opening balance	\$ 2,644,383	\$ 2,633,172
Add: Government capital contributions received (Note 17)	384,511	260,000
Less: Amortization of deferred capital contributions (Note 17)	<u>(301,327)</u>	<u>(248,789)</u>
Ending balance	<u>\$ 2,727,567</u>	<u>\$ 2,644,383</u>

13. Contributed Equity – Venture Investments

	<u>2010</u>	<u>2009</u>
Venture Investment Fund – beginning of the year	\$ 592,899	\$ 512,899
Contribution per Main Estimates – during the year	<u>171,000</u>	<u>80,000</u>
Venture Investment Fund – end of the year	<u>\$ 763,899</u>	<u>\$ 592,899</u>

14. Contributed Equity

Contributed equity relates to contributions of supplies and equipment received by Taluq Designs Ltd., a Subsidiary of the Corporation, for a shareholder loan. No terms and repayment provisions exist for this loan and it is the Subsidiary's intention to convert the loan into preferred shares.

15. Commitments

Long-term Commitments for Leases

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

2011	\$ 163,464
2012	163,464
2013	105,572
2014	79,956
2015	79,956
2016 & beyond	<u>240,044</u>
	<u>\$ 832,456</u>

16. Selling and Administrative Expenses

	<u>2010</u>	<u>2009</u>
Salaries, wages and benefits	\$ 2,151,095	\$ 2,066,320
Advertising and promotion	266,308	399,066
Professional fees	261,642	326,175
Travel	176,046	243,488
Office and general	147,968	170,403
Rent	125,573	164,750
Board expenses	123,969	119,801
Repairs and maintenance	89,435	47,277
Interest and bank charges	85,956	88,429
Telecommunications	82,012	80,341
Utilities	46,806	41,125
Bad debts (Recovered)	(24,647)	37,082
Vehicle	17,083	24,492
Other project costs	<u>10,195</u>	<u>61,199</u>
	<u>\$ 3,559,441</u>	<u>\$ 3,869,948</u>

17. Government Contributions

	<u>2010</u>	<u>2009</u>
Subsidy payments to Subsidiaries and parent company for operating purposes	\$ 2,565,000	\$ 2,756,000
Amortization of deferred capital contributions (Note 12)	301,327	248,789
Other contributions	<u>924,644</u>	<u>617,225</u>
	<u>\$ 3,790,971</u>	<u>\$ 3,622,014</u>

NDC received \$3,188,000 (2009 - \$3,188,000) in total appropriations from the Government of Nunavut. \$2,565,000 (2009 - \$2,756,000) was for operations while \$260,000 (2009 - \$260,000) was for the capital fund, \$192,000 (2009 - \$92,000) was for the Subsidiary reserve fund, and \$171,000 (2009 - \$80,000) was for the venture investment fund.

18. Related Party Transactions

The Corporation is related in terms of common ownership to all Government of Nunavut created departments, agencies and Crown corporations and enters into transactions with these entities in the normal course of business at normal trade terms. The Corporation receives from the Government of Nunavut insurance coverage at no cost, which is not recognized in these consolidated financial statements due to its insignificant amount.

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

	<u>2010</u>	<u>2009</u>
Sales:		
Government of Nunavut	\$ 137,613	\$ 151,464
Non-controlling interests	<u>66,515</u>	<u>35,049</u>
	<u>\$ 204,128</u>	<u>\$ 186,513</u>
Purchases:		
Non-controlling interests	<u>\$ 18,225</u>	<u>\$ 19,316</u>
Selling and administrative expenses:		
Government of Nunavut	\$ 699,437	\$ 642,301
Non-controlling interests	<u>79,958</u>	<u>354,958</u>
	<u>\$ 779,395</u>	<u>\$ 997,259</u>
Territorial subsidies paid directly to Subsidiaries:		
Government of Nunavut – freight	\$ 185,869	\$ 297,515
Government of Nunavut – other	<u>955,490</u>	<u>233,680</u>
	<u>\$ 1,141,359</u>	<u>\$ 531,195</u>
Accounts receivable:		
Government of Nunavut	\$ 375,359	\$ 258,748
Non-controlling interests	<u>62,547</u>	<u>5,273</u>
	<u>\$ 437,906</u>	<u>\$ 264,021</u>
Accounts payable:		
Government of Nunavut	\$ 100,257	\$ 100,047
Non-controlling interests	<u>16</u>	<u>-</u>
	<u>\$ 100,273</u>	<u>\$ 100,047</u>

These balances are payable on demand and have arisen from the sales of goods and provision of services referred to above.

19. Capital Management

NDC's capital is its equity, which comprises Contributed equity–Venture Investments, Contributed equity and Retained earnings. NDC'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 continue to invest in subsidiaries or companies to create jobs in Nunavut.

During the year, NDC managed its capital in accordance with directions provided by the Corporation's Act, investment guidelines and the Board of Directors. There have been no changes during the year as to what the Corporation considers to be capital or to how it manages its capital. The Corporation is not subject to externally imposed capital requirements.

20. Financial instruments

The following table shows the carrying values and estimated fair values of the Corporation's financial instruments at March 31:

	<u>2010</u>		<u>2009</u>	
	Carrying	Fair	Carrying	Fair
	value	value	value	value
	in'000	in'000	in'000	in'000
Financial Assets:				
<i>Held for trading</i>				
Cash (1)	2,300	2,300	1,968	1,968
Short term investments (1)	1,256	1,256	1,196	1,196
<i>Held to maturity</i>				
Preferred shares venture investment (2)	250	250	-	-
Financial Liabilities:				
<i>Loan and receivables</i>				
Accounts receivable (2)	1,400	1,400	1,111	1,111
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities (3)	733	733	777	777
Bank overdraft (2)	12	12	72	72
Bank operating loan (2)	371	371	90	90

(1) Recorded at fair value.

(2) Recorded at fair value and subsequently at amortized cost using the effective interest method.

(3) Recorded at cost. Fair value approximates the carrying amounts due to the short term nature of the financial instruments.

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 risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

The risk exposure relating to accounts receivable is directly impacted by the clients' ability to meet its obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of Nunavut. The maximum exposure of the Corporation to credit risk is limited to the carrying amounts of its accounts receivable. To mitigate this risk, the Corporation does regular follow-up on their accounts receivable so they are current. At March 31, 2010, the accounts receivable are totaling \$1,399,788, out of which \$139,104 are 31-60 days old, \$163,215 are 61-90 days old and \$316,060 are over 90 days old.

The Corporation is also subject to credit risk when investing in subsidiaries. To mitigate this risk, the Corporation implemented specific guidance to be followed before investing in a Subsidiary. The Corporation also performs regular review of the Subsidiaries' practices after the investment occurs, to prevent any significant losses from the investments.

The NDC Divestiture Procedures Manual sets out certain processes and procedures the Corporation and its Board of Directors should follow in respect of any divestiture opportunity, including the sale of a Subsidiary or the sale of any shares or investment interest the Corporation may have in a Subsidiary or business enterprise. These policies and procedures are intended to offer a practical approach to any divestiture opportunity, while at the same time addressing and being in full compliance with the pertinent divestiture provisions and guidelines set out in the *Nunavut Development Corporation Act* and the "NDC Investment Policies and Guidelines" as approved by the Corporation's Board of Directors and the Financial Management Board.

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. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the Bank operating loan interest expense and will also cause fluctuations in the interest revenue from cash. The Corporation mitigates the cash flow risk by keeping the Bank operating loan at a minimum level and by paying any outstanding amount owed as soon as possible with the excess cash available.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by continuously monitoring forecasted and actual cash flows. The Corporation has no significant financial liabilities maturing in future years. The Corporation does not currently believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

21. Comparative Information

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

Nunavut Development Corporation

March 31, 2010

Schedule to the Consolidated Financial Statements

Schedule 1 Segmented Information

	Arctic Foods	Light Manufacturing	Corporate	Elimination (Inter-segments)	2010 Total	2009 Total
Sales	\$ 4,196,926	\$ 2,989,430	\$ 2,458	\$ -	\$ 7,188,814	\$ 7,286,644
Less Intra-segment Sales	(12,704)	(41,648)	-	(246,315)	(300,667)	(468,221)
Net Sales	4,184,222	2,947,782	2,458	(246,315)	6,888,147	6,818,423
Cost of Goods Sold	\$ 3,815,271	\$ 2,641,395	\$ 2,456	\$ -	\$ 6,459,122	\$ 6,894,230
Less Intra-segment Cost of Goods Sold	(12,704)	(41,648)	-	(246,315)	(300,667)	(468,221)
Net Cost of Goods Sold	3,802,567	2,599,747	2,456	(246,315)	6,158,455	6,426,009
Gross Profit	\$ 381,655	\$ 348,035	\$ 2	\$ -	\$ 729,692	\$ 392,414
Amortization	\$ 162,568	\$ 66,446	\$ 17,629	\$ -	\$ 246,643	\$ 228,784
Net Loss Before Contributions and Cost Recovery	\$ (1,381,264)	\$ (1,294,717)	\$ (1,221,699)	\$ -	\$ (3,897,680)	\$ (3,993,718)
Assets						
Current	\$ 3,355,473	\$ 3,086,322	\$ 1,616,343	\$ -	\$ 8,058,138	\$ 7,726,083
Less Intercompany	-	(3,922)	-	(193,063)	(196,985)	(90,569)
Capital and other	840,340	250,484	366,268	-	1,457,092	1,156,480
Net Assets	\$ 4,195,813	\$ 3,332,884	\$ 1,982,611	\$ (193,063)	\$ 9,318,245	\$ 8,791,994
Capital Expenditures	\$ 187,051	\$ 131,648	\$ 7,194	\$ -	\$ 325,893	\$ 249,005

Sales to one customer of the Corporation's arctic foods segment account for approximately \$1,389,264 (2009 - \$2,024,653) of the Corporation's net total sales. These sales to that customer represent 20% of the total sales of the Corporation (2009 - 30%).

The corporate "Net loss before Contribution and Cost Recovery" represents headquarter administrative costs, less interest earned; the operations of the Wholesale Division and Sales Division are included under light manufacturing.



This report is also available in Inuktitut, Inuinnaqtun, French and English upon request.

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