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

Annual Report 2012-13

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Message From Nancy Karetak-Lindell, Chairperson

Dear Minister:

The Nunavut Development Corporation (NDC) recognizes the importance of economic activities such as harvesting, carving, and fishing to many Nunavummiut. We understand that the people who actively participate in these important activities require the necessary sector framework that will support viable options for the purchase of their goods. NDC’s subsidiary organizations enable such options, whether supporting winter fishermen in Igloodik or Qikiqtarjuaq, summer fishermen in the Kitikmeot, or the sustainable harvesting of caribou from hunters in Whale Cove or Chesterfield Inlet.

The marketing arm of NDC is a leader in the promotion of Inuit sculpture both in Canada and beyond.

The Corporation maintains many active partnerships within Nunavut that support the movement of Nunavut-produced art from the territory to frontline galleries and showrooms. Whether supporting the harvesting of soapstone in Sanikiluaq or the marketing of sculpture from Iqaluit producers; NDC offers an important marketing and promotion option available only to Nunavut artists.

NDC also recognizes that Nunavut is our most important market for the movement of finished goods back to our residents. The Corporation is committed to ensuring its products whether it be char, muskox or caribou, are first made available to Nunavummiut, prior to looking beyond. Further, the Corporation is committed to working in conjunction with local agencies and organizations such as Nunavut’s Food Security Coalition to assist in directing country food to groups in need who may not otherwise have access to it.

NDC prioritizes the key economic sectors of commercial fishing and tourism for its venture equity investment program. The Corporation is familiar with the many operational facets underlying Nunavut’s tourism and commercial fishing sectors along with the initial high start-up costs for new entrants. Both sectors are important creators of jobs in Nunavut and NDC, through the provision of equity capital, supports businesses operating in these sectors.

NDC remains fully committed to the small to mid-sized businesses we support and to the individuals who rely on these organizations for important employment and income-earning opportunities. We feel that despite many of the broader economic challenges, our ability to create over 100 full time jobs for fishermen, hunters, artists and plant workers is a good reflection on our commitment to the ongoing investment and development of these key sectors.

In closing I would like to thank the Minister responsible for NDC, Mr. Peter Taptuna, for his ongoing support of our Corporation. I further wish to extend my gratitude to my board colleagues for their ongoing commitment to our organization and to the NDC staff for their hard work and dedication.

Nancy Karetak-Lindell
Chairperson

Welcome To NDC

Nunavut Development Corporation’s successes are the successes of all of Nunavut. And we’re proud to use the 2012-13 Annual Report to help tell the story of our work.

Our territory needs economic development at all levels in order to prosper and grow. At NDC we help to bring important economic activities such as harvesting, fishing, sewing and carving to market in order to create employment and income earning opportunities for Nunavummiut who participate in these important activities. Behind the products offered by our related companies are the people who create these uniquely Nunavut items and that’s the real success of NDC. Through our ongoing programs and initiatives we have created over 130 direct and indirect jobs. Employment brings more than an income to Nunavummiut it brings skills, pride and an opportunity to contribute.

Partnerships are key to the success of our operations. Working together with other groups that are also committed to Nunavut means we can have a more meaningful impact. Nunavut is our most important market and by working with other groups we can ensure Nunavummiut have first access to our products. We feel strongly that the products of NDC should also be made available to those who may not have the means to acquire them. NDC is a member of the Nunavut Food Security Coalition and through our plants continue to work to get country foods to food banks, soup kitchens and other such venues across the territory.

Many individuals, hamlets, HTO’s and communities contribute to NDC whether through artwork, food harvesting, community partnerships or people. We acknowledge these meaningful partnerships without which we would be unable to advance the important our objectives of job creation and economic diversification within Nunavut.

We hope you enjoy our stories from the past year.

The people at Kiluk go to great lengths to provide quality service and the items that they produce are top quality. Kiluk demonstrates what it takes to be successful in developing and maintaining their business opportunities through what we call the 3 P’s, the right People, the best Product and competitive Price.

Agnico-Eagle Mines, Graeme Dargo, Superintendent, Community Engagement, Nunavut

Partnerships

At the core of our values is the idea that working together achieves the best results. We've developed some key partnerships over the past year and we're pleased to highlight them.

Arviat: Agnico-Eagle Mines

Kiluk and Kivalliq Arctic Foods have developed a strong commercial working partnership with Agnico-Eagle Mines (AEM). AEM has worked with Kiluk on a variety of initiatives ranging from the supply of Nunavut-produced corporate items such as sealskin briefcases and portfolio covers, and Kiluk personalizes work clothing for mine employees. Kivalliq Arctic Foods continues to supply arctic char products to AEM's Meadowbank Mine.

Chesterfield Inlet: Iqalupik Fish Plant

Kivalliq Arctic Foods partnered with the Aqigiq Hunters and Trappers Organization in the operation of the Iqalupik Fish Plant in Chesterfield Inlet. With Kivalliq Arctic Foods providing various operational supports, the Iqalupik plant provides important summer employment and income earning opportunities to Chesterfield Inlet fishers while yielding an important source of summer char for Kivalliq Arctic Foods.

Igloolik: Igloolik Hunters and Trappers Association - Winter Fishery

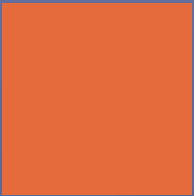
Kivalliq Arctic Foods and the Igloolik Hunters and Trappers Organization partnered in Igloolik's winter arctic char fishery. The local HTO supplied Kivalliq Arctic Foods with 15,000 lbs of high quality winter fish from February through April, providing an important source of supply for the company and an important income earning opportunity for Igloolik fishermen.

Sanikiluaq: Soapstone Artists of Sanikiluaq - Quarrying Project

Sanikiluaq has for many decades been an important producer of high quality soapstone pieces, done in a distinctive style. Soapstone availability has been a limiting factor. This initiative has permitted the local artists' association to employ workers to mine the local soapstone deposits correctly, producing a steady supply of stone for local use.

Nunavut: Nunavut Food Security Coalition

NDC is active in helping address food insecurity in Nunavut and is a member of the Nunavut Food Security Coalition. Through our processing plants, we are working to help ensure that country food remains a foundational food source for Inuit. We also partner with other local agencies such as soup kitchens and elders facilities to assist in increasing access to country food for these more vulnerable groups.



Stone for Carvers

The unique stone used by carvers in the Belcher Islands is rare on the islands, but occurs on Tukarak Island, located 65 miles to the southeast of the community. This dark green and black striped steatite stone has been used for generations and is quarried on the land in a ridge running the length of the island. Carvers lacking good boats find it difficult to obtain stone due to the distance and often heavy seas.

A partnership between NDC and the Soapstone Artists of Sanikiluaq resulted in workers being hired to harvest the stone. Most are carvers, so they know what is needed in terms of stone. Following an old local tradition, workers go to the island by boat and camp there for up to a month, living off the land and enjoying the much warmer summer weather on that island. A small Bobcat is used to move the stone to the boats for transport back to Sanikiluaq. It is distributed to carvers in the community, with special focus on those who have no access to transportation.

In the Quarry Project 2012, the intent was to get about 10,000 lbs of stone, but this target was exceeded, and 18,000 lbs was quarried and brought back to the community. It was a tremendous success due to the efforts put forth by quarriers Isaac Sala, George Eyaituq, Silas Mannuk, Johnny Aqiatasuk, and Bob McLean.

Overview

The Nunavut Development Corporation is a territorial corporation of the Government of Nunavut. Our mandate is to create employment and income for Nunavummiut in small communities as well as stimulate the growth of business in Nunavut and promote economic diversification and stability. We do this through the incorporation and development of companies or corporations while directly investing in business enterprises.

Everything we do is done so in the best interest of Nunavummiut and we follow the vision of being responsible and transparent. We believe that employment and income earning opportunities positively impact quality of life and leads to healthier communities. The job creation and maintenance that comes from NDC is measurable, and a key indicator of our success.

The real story behind our success is people. We are proud of the work done by NDC, the work of Nunavummiut.



Our Mission

To develop economic opportunities for Nunavummiut that further employment and recognize the importance of Inuit culture and values.

The Corporation seeks to utilize its programs, assets and services to support all Nunavummiut. We seek to provide support to core sectors which offer strong income earning potential for individuals but where access to investment capital is limited given high operating and start-up costs.

Our programs help support self-sufficiency within our communities by providing viable economic options for Nunavummiut which in turn leads to healthier communities.

Our assets belong to all Nunavummiut and they will be deployed in a way that supports economic development opportunities regardless of where within Nunavut one may reside.

Headquarters

Rankin Inlet, NU
A staff of five work closely with the Board of Directors to oversee the consolidated operations of the Nunavut Development Corporation.

Headquarters Staff:
Darrin Nichol – President
Balajai Ramamani – Chief Financial Officer
Brian Zawadski – Business Advisor
Goretti Kakuktinniq – Business Advisor
Bernadette Tutanuak – Manager, Finance & Administration

ANNUAL SUMMARY	2013	2012
Revenue	\$1.37 million	\$1.41 million
Expenses	\$1.31 million	\$1.35 million
Annual Surplus or (Deficit)	\$60,000	\$60,000
Jobs Created or Maintained	5.5	5.5
Core Funding - Operations	\$1.3 million	\$1.3 million
Core Funding - Capital	\$11,600	\$4,600

*Core Operational and Capital Funding is included in Revenue

Board of Directors

NDC Board members are appointed by the Minister responsible for the Corporation, the Honourable Peter Taptuna. Board Members are generally appointed to three-year terms and represent a strong cross section of our diverse populations.

			APPOINTED	EXPIRES
Nancy Karetak-Lindell	Chairperson	Arviat	03/09/2012	03/09/2015
David Alagalak		Arviat	03/09/2012	03/09/2015
Jerry Ell		Rankin Inlet	03/09/2012	03/09/2015
Donald Havioyak	Vice-Chair	Kugluktuk	03/09/2012	03/09/2015
Louie Kamookak		Gjoa Haven	03/23/2011	03/23/2014
Zacharias Kunuk		Igloolik	03/09/2012	03/09/2015
John Main		Cambridge Bay	03/09/2012	03/09/2015
Chris Rudd	Secretary	Rankin Inlet	03/09/2012	03/09/2015

The 2012-13 NDC Executive Committee was as follows:
Nancy Karetak-Lindell, Louie Kamookak, Chris Rudd

Job Creation

The following jobs were created or maintained by the Corporation, its subsidiaries and venture capital investments during the 2012-2013 fiscal year. These job creation or maintenance figures are consistent with the Corporation's investment and divestment guidelines, which define:

- a **Direct Job** as one that is created or maintained within a subsidiary, project or business enterprise. One Direct Job is equal to 1,500 hours of employment throughout the year.

- a **Traditional Job** as one that is created outside of a subsidiary, project, or business enterprise as a direct result of its purchasing activity. Expenditures paid to individuals or organizations for the acquisition of sculpture, crafts, sewn goods, drawings, prints, meat, fish or any other art, craft or harvested items will be aggregated to arrive at the total number of traditional jobs created throughout the year.
- an **Indirect Job** as amounts paid to other local organizations for labour.

INVESTMENTS	DIRECT JOBS	DIRECT TRADITIONAL JOBS	INDIRECT JOBS	TOTAL JOBS 2013	TOTAL JOBS 2012
Arctic Foods:					
Kivalliq Arctic Foods Ltd.	7.87	4.62	-	12.49	12.16
Kitikmeot Foods Ltd.	7.37	3.03	-	10.41	11.20
Pangnirtung Fisheries Ltd.	15.10	27.61	-	42.71	35.42
Papiruaq Fisheries Ltd.	-	-	-	-	0.66
Arts and Crafts:					
Ivalu Ltd.	1.16	0.98	-	2.14	2.12
Jessie Oonark Ltd.	4.84	2.09	-	6.93	8.96
Kiluk Ltd.	3.85	0.74	-	4.59	5.85
Taluq Designs Ltd.	2.29	0.78	-	3.07	3.03
Uqqurmiut Arts & Crafts Ltd.	6.01	3.10	-	9.10	12.15
Venture Investments:					
Arctic Fishery Alliance Ltd	-	-	9.78	9.78	9.78
Oujukoaq Fisheries Ltd	-	-	5.25	5.25	-
Sub-total	48.49	42.95	15.03	106.47	101.33
Nunavut Development Corporation	5.5	19.0	-	24.5	31.50
Total	53.99	61.95	15.03	130.97	132.83

Sales Division

SALES DIVISION	2013	2012
Total Revenue \$	\$1.28 million	\$1.97 million
Total Expenses	\$1.41 million	\$1.92 million
Annual Surplus or (Deficit)	(130,000)	50,000
Jobs Created or Maintained	19.00	26.00
Core Funding - Operations	\$100,000	\$150,000
Core Funding - Capital	\$9,600	\$4,300

*Core Operational and Capital Funding is included in Revenue

Manager of Southern Operations Tom Chapman

The Sales Division operates in a 5,500 sq. ft. facility in Mississauga, in Toronto's west end. With a staff of four, the Sales Division is an important conduit for Inuit art from across Nunavut. The Division maintains an established client list with customers located internationally as well as across North America.

Although not open to the public for direct sales, the Sales Division is in daily contact with collectors and galleries all over the world. The showroom offers a vast array of "Made in

Nunavut" items, and buyers visit frequently.

An active buying program allows artists to show their work, digitally, to NDC buyers, and deals are often made on the spot. The Sales Division also works with many businesses in Nunavut that do buy and ship Inuit art, including Carvings Nunavut in Iqaluit and Cape Dorset, Soapstone Artists of Sanikiluaq, the Hamlet of Gjoa Haven (Ullulaq Inuit Arts) and via subsidiary companies in Baker Lake, Arviat, and Taloyoak.

From the Arctic to Arizona

Well-known Clyde River artist Igah Hainnu and Tom Chapman attended the 2013 Heard Museum Indian Fair and Market in February 2013 in Scottsdale, Arizona. This prestigious museum hosts over 700 aboriginal artists from various parts of North America in tents all over the museum property. These display their works and present seminars and demonstrations, sharing their skills and ideas with other artists and collectors alike. It is one of the biggest and best Native American art shows in the U.S. and offers a great opportunity to



Denise Wallace and Igah Hainnu at the Heard Museum

expose an art form to a huge collector base. Igah's elegant and powerful dancing bears and walruses, and carvings of Inuit involved in traditional activities made quite an impact on those attending the event.

Venture Equity Investments

The Nunavut Development Corporation manages a Venture Equity Fund. The Corporation seeks investment opportunities in Nunavut-based corporations giving priority to organizations operating in Nunavut’s fishery and tourism sectors; the Corporation also emphasizes those investments that will benefit our smaller communities. Key criteria in assessing investment opportunities from Nunavut-based organizations include a strong prospect for commercial viability, job creation or income-generating potential, demonstrated co-investor participation, and an eventual equity-oriented, non-controlling interest position in the company.

Investments That Make a Difference

NDC’s Venture Investment Fund is used to place financial investments in Nunavut based companies that demonstrate high-potential balanced against an acceptable level of risk. The objective of the Fund is to assist tqualifying organizations to build equity capital for their project and in turn assist the company in leveraging other forms of financing. The Corporation prioritizes investments in businesses operating in Nunavut’s cultural

The Corporation’s investments typically run between \$250,000 and \$500,000 and are supported by a shareholder’s agreement. The NDC investment is meant to assist the investee in drawing in additional debt capital to support the business or project. NDC’s equity investments are fully-redeemable, structured over various investment periods based on the need of the investee, with annual dividends reflecting the overall risk of the investment.

Arctic Fishery Alliance LP

\$ 250,000
Qikiqtarjuaq

Oujukoaq Fisheries Ltd.

\$ 300,000*
Iqaluit

*redeemed in full in fiscal 2012-13

industries, fisheries and tourism sectors. NDC, working closely with other investment agencies and financing companies, uses the Venture Equity Fund to invest in these kinds of activities and works to benefit our small to mid-sized Nunavut based organizations operating in these important sectors.

Access to capital for large purchases such as vessels is often a barrier for Nunavut’s fishing industry. In 2012-13, NDC’s investment in Oujukoaq Fisheries Ltd., helped facilitate the purchase of a new offshore fishing vessel. An Inuit-owned company and employer of many Inuit, Oujukoaq Fisheries Ltd. now uses its own, Nunavut-owned vessel to increase their fishing capacity in Nunavut waters.

Subsidiary Operational Summaries





Jermain Napayok and sister with her first carving in Ivalu shop

Ivalu Ltd. is a well-known gift outlet in Rankin Inlet specializing in the promotion of Nunavut-produced sculpture, crafts, jewelry, and sewn items. Sales Associate Vicky Pilakapsi sources a variety of different items produced by talented Nunavut artists across the territory. Vicky believes that Nunavummiut are her best customers and, although tourists are important, it is critical that Ivalu provides a level of services geared to supporting Inuit, as they appreciate and understand both the quality and complexity of the items carried.

Vicky also operates the “Ivalu Online” Nunavut store (www.ivalu.com), started in 2012, and has shipped customer orders throughout North America, and as far away as Croatia and France. Ivalu Online received national exposure last year when the *The Globe and Mail* ran a story on sealskin cell phone cases produced by Kiluk in Arviat and sold through Ivalu Online. Orders for these cases boomed and are still coming in.

IVALU LTD	2013	2012
Total Revenues	\$233,500	\$228,600
Total Expenses	\$217,400	\$222,700
Surplus (Deficit)	\$16,100	\$5,900
Jobs Created or Maintained	2.14	2.12
Subsidy Fund Contributions	15,000	15,000
Capital Fund Contributions	-	-

*Subsidy and Capital Fund Contributions from NDC are included in revenue

Sales Associate Vicky Pilakapsi

Board of Directors Brian Zawadski



Veronica Manilak with wallhanging, in Ivalu

Veronica Manilak

Born near Chesterfield Inlet and raised near Repulse Bay, Veronica Manilak spent much of her youth hunting, fishing, and living on the land. She moved to Rankin Inlet in 1961, and began sewing to supplement her family income. Veronica does magnificent duffle wallhangings, with appliquéd designs and embroidered borders. Her work is precise and colourful, and her animals are anatomically correct, with plumage and hair patterns depicted in stitchery – the spring feather patterns on the necks of ptarmigan, the mottling on the back of a narwhal, and the wrinkles in the hide of a walrus. Even the borders of her wallhangings reflect the beauty

of the tundra: leaves shimmer in the summer sun, and stitched feathers show the iridescence of the plumage of arctic birds.

Her work is inspired by and based on her childhood memories. She often uses the image of an iglu in her art, as it was an important part of her life as a child: “It was so hard living in the fall; we lived in tents then, and it was cold and uncomfortable. When we finally had the right snow to build an iglu, we were so happy. When we moved into the snow house, it was beautiful, cozy and so peaceful.”

Veronica says, “My wallhangings are shaped as stretched seal skin, decorated with designs of arctic animals, loons, ptarmigans, walrus, seals, orca whales, beluga whales, narwhals.... all representing things I loved as a child, things I loved seeing and hearing. When I use animals dressed in traditional Inuit clothing, I mean to show that we humans are as beautiful as the animals are.” She recalls a drawing sent to her by a southerner who came to Rankin and spent time with her family: “It was a drawing of a group of sea mammals, and he wrote that this was our family. This appealed to me and I started drawing outfits on the animals as appliqué, reminders of the “tutaliit” or mermaids, my family.”

Veronica’s wallhangings vary in size from tiny pieces that fit into a small space to huge banners suitable for large corporate venues. All are characterized by her fine stitching and enchanting use of colour and texture. All carry with them love and respect for the land, the sea, and all inhabitants of her arctic homeland.





Toona Iqulik, Jessie Oonark Centre

The Jessie Oonark Centre is a dedicated arts and crafts facility in Baker Lake. Jessie Oonark Ltd. operates a well-known retail gallery which promotes the works of many of Baker Lake's seamstresses, carvers, jewelry artisans and printmakers. JOL administers a stone distribution program in which stone provided by Agnico-Eagle Mines is then distributed to the community's carvers. The Center remains an active meeting place for local artists, housing many

types of work, from sculpture to wall hangings and the historically important Baker Lake Print Collection. JOL also makes space available for lease within the center for local organizations and business startups. JOL also collaborates with both Jonah Amitnaaq Secondary School and Rachel Arngnamaktiq Elementary School, assisting with various arts, crafts and printing programs offered through each school.

JESSIE OONARK LTD.	2013	2012
Total Revenues	\$342,100	\$430,200
Total Expenses	\$384,300	\$457,200
Surplus (Deficit)	(\$42,200)	(\$27,000)
Jobs Created or Maintained	6.93	8.96
Subsidy Fund Contributions	\$150,000	\$150,000
Capital Fund Contributions	\$2,000	\$13,000

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: David Ford
Board of Directors: Karen Yip, Boris Kotelewetz, Hugh Tulurialik



Arnasungaaq's carvings radiate a subtle power.

Barnabas Arnasungaaq

Born in the 1920s by Princess Mary Lake near the Kazan River south of Baker Lake, Barnabas Arnasungaaq recalls his father fishing for lake trout with a kakivak made of wood and musk ox horn, and hunting caribou at the crossing places and near the large lakes. As a young adult, he would travel by dog team to Baker Lake to trade for supplies. In 1959, when the caribou became scarce in the region, he and his family moved to the community of Baker Lake. After he moved in off the land, it was necessary to earn an income, so he began to carve.

Barnabas has carved with hand tools for decades, using the hard black steatite stone from the Kivalliq region, which does not lend itself to fine detail. His carvings of people have a stoic and subtle power that springs from their shapes and positions, and subtle changes in texture and colour of the stone. Barnabas' carvings of musk oxen are imbued with natural grace, brought forth by his understanding of their anatomy and the way their long hair flows with their movement. His carvings of mythical beings are sparingly carved, allowing the viewer's imagination to fill in the detail, adding to the mystique. He states, "It's all in your mind....I look inside myself. Sometimes, before going to bed, I examine the stone, carefully. And in the morning, I know what it will be."

Barnabas is the eldest of the carvers working in Baker Lake. His iconic style has influenced not only the carvers of the region, but also the market for these carvings. His carvings reside in the National Museum of Canada, the Museum of Inuit Art, Art Gallery of Ontario, McMichael Canadiana Art Collection and in many private collections throughout the world.





Kiluk staff Regalee Curley, Sherlyn Kadjuk, & Linda Nutarasungnik with Graeme Dargo of Agnico-Eagle Mines

In Arviat, Kiluk continues to develop innovative programs using sealskin, embroidery and the skilled labour of numerous longtime employees. Last year Agnico-Eagle Mines executives toured Kiluk, leading to an agreement to provide customized corporate items

but also repair items like uniforms, parkas, and safety vests. Kiluk continues its partnership with the Maplelea Doll Company and through home sewers produced over 500 amautiqs for the ongoing Saila Doll program.

KILUK LTD.	2013	2012
Total Revenues	\$349,800	\$375,600
Total Expenses	\$333,500	\$356,700
Surplus (Deficit)	\$16,300	\$18,900
Jobs Created or Maintained	4.59	5.85
Subsidy Fund Contributions	\$120,000	\$125,000
Capital Fund Contributions	\$22,800	\$29,000

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: Sherlyn Kadjuk
Board of Directors: Hattie Alagalik - Chair, Eva Arnalukjuak, Lena Arviyut, Keith Collier, Goretti Kakuktinniq

Dressing a Doll



Goretti Kakutinniq with Saila doll

The Maplelea Company produces the Maplelea Girls dolls, representative of the many cultures across Canada. In celebration of the 10th anniversary of Nunavut, the company introduced Saila Qilavvaq, a doll intended to be an accurate reflection of a 10 year old Inuit girl growing up in Iqaluit. Much research, including interviews with young girls in Iqaluit provided the base for the doll and her accessories. The company selected Kiluk Ltd. to design and produce an amauti for this doll. At Kiluk, the pieces for the amauti are cut out using a custom punch, trims are added, and the pieces are assembled into a kit which is distributed to seamstresses in Arviat and Taloyoak. These small garments are put together at home and then taken or shipped to Kiluk for packaging and shipping to Maplelea.





Kyle Amegainik, Bert Maksagak, Desmond Angulaik, and Andy Mala, fishers, Kitikmeot Foods

Despite the cancellation of the 2013 muskox harvest, Kitikmeot Foods had a good year, thanks in part to the strong fall char fishery. This year, nearly all the commercial quota was harvested by local fisherman from the Jayko, Ekaluk, Surry and 30 Mile River systems.

The fish plant in Cambridge Bay has been operating for almost 20 years, creating employment and producing highly-valued fish products

sold locally and in Yellowknife. In 2012, NDC completed an extensive freezing and cooling retrofit of the facility. CanNor and ED&T provided financial assistance with this multi-year project. The new system is more environmentally compatible, much more efficient, and has resulted in a significant reduction in power consumption costs.

KITIKMEOT FOODS LTD.	2013	2012
Revenues	\$1.45 million	\$1.28 million
Expenses	\$1.08 million	\$1.38 million
Surplus (Deficit)	\$376,100	\$(99,200)
Jobs Created or Maintained	10.41	11.20
Subsidy Fund Contributions	\$330,000	\$330,000
Capital Fund Contributions	\$395,000	\$53,000

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: Stephan Lacasse
Board of Directors: Bill Lyall - Chair, Doug Crossley, Wilf Wilcox, Brian Zawadski, Jim MacEachern, and Louie Kamookak



Jack Ekpakohak, Bert Maksagak with char, Kitikmeot Foods Foods

Catching Char

As the sea cools in the fall, fat char migrate upstream to freshwater lakes where they spend the winter. For centuries, Inuit have fished for char in these rushing arctic rivers by constructing boulder “fences” in the stream. Char entered an opening, became trapped in the enclosure, and could be speared with the kakivak or with simple poles with side spikes.

The char for Kitikmeot Arctic Foods are caught using gill nets or fishing weirs, which are made by stretching mesh fences in the shallow rivers. The fish swim into a narrow channel leading to a fishing “sock” that rapidly fills with fish. The fishers detach it and slowly walk it to shore. The weir can be removed after the fishing is done. In the deeper rivers, gill nets are used.

The fish are cleaned on shore, packed in ice, and flown by floatplane into Cambridge Bay. In the plant, the fish are washed in fresh water and graded. Some are shipped fresh in ice, and others are flash-frozen and then glazed with fresh water. They are packaged as shrink-wrapped filets or whole fish, and processed into jerky and other products. They are sold under the trade name “Truly Wild Arctic Char”. One of Nunavut’s few real export products, these char may be sold to gourmet restaurants as far away as Japan. Most, however, are sold in the Co-op stores and Northern Stores throughout the territory.





Randy Innuksuk and Joseph Amarok processing caribou, Kivalliq Arctic Foods

Kivalliq Arctic Foods has a multitude of partnerships throughout Nunavut. Last year the company purchased char from fishermen in Qikiqtarjuaq, Igloodik, Coral Harbour, Repulse Bay, Whale Cove, Chesterfield Inlet, and Rankin Inlet. Kivalliq Arctic Foods also purchased commercial caribou from hunters in Arviat, Whale Cove, Chesterfield Inlet, and Rankin Inlet. In addition, the company ran a small pilot project on the purchasing of commercially harvested muskox. In the summer, Kivalliq Arctic Foods partners with the communities of Chesterfield Inlet and Whale Cove in providing operational support to fish

plants in these communities, which provide an important source of summer char for Kivalliq Arctic Foods. The company operates with an excellent core of long term employees who are committed to both the facility and working with harvesters throughout Nunavut. Products include whole char, filets, diced char, hot and cold smoked char (like lox), char candy, and jerky. The majority of all the company’s products are sold in Nunavut, directly from the plant or through our growing network of retailers.

KIVALLIQ ARCTIC FOODS	2013	2012
Revenue	\$688,300	\$611,500
Expenses	\$868,100	\$722,700
Annual Surplus or (Deficit)	(179,800)	\$(111,200)
Jobs Created or Maintained	12.49	12.16
Subsidy Fund Contributions	160,000	125,000
Capital Fund Contributions	-	-

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: Todd Johnson
Board of Directors: Brian Zawadski

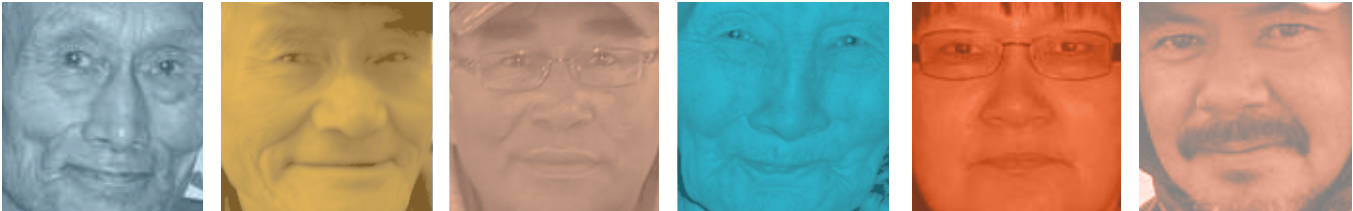
Smoked Char Spaghetti

- Ingredients:**
- 2 – 4 pieces hot smoked arctic char, thawed, skin removed, flaked
 - 1/2 - 2/3 box spaghetti or spaghettiini
 - 2 cups frozen mixed vegetables
 - 1 onion, chopped
 - 1 jar Kraft Alfredo Sauce or Alfredo-Garlic Sauce
 - 2/3 cup sour cream
 - 1 tblsp Club House Italian seasoning



So easy and so tasty!

- Steps:**
1. Cook spaghetti according to package directions, drain, add a bit of butter
 2. Saute onion until browned
 3. Heat vegetables in microwave
 4. Mix sour cream and Italian seasoning into the Alfredo sauce and heat in microwave
 5. Heat char in microwave for about 1 minute
 6. Mix vegetables and onions into the sauce.
 7. Sprinkle hot char flakes over the spaghetti
 8. Ladle sauce with veggies over the char and spaghetti and serve with bannock, herbed crusty bread or rolls.





Processing turbot at Pangnirtung Fisheries plant

Last year the winter turbot fishery was one of the best in recent memory, with good ice condition and good fishing relatively close to the community. In 2012-13, the company paid out nearly \$2 million in wages to employees and payments to local fishermen. The Company renewed its partnership with Cumberland Sound Fisheries and together they were awarded 1,750 metric tonnes of turbot quota by Nunavut’s Fishery Allocation Committee. Pangnirtung Fisheries

also utilized a smaller vessel to fish a portion of Cumberland Sound during the summer months, with all turbot landed at the plant for processing and shipping. A multi-year capital project funded by NDC, CanNor, and ED&T has enabled the installation of new ice-making equipment that will further support local fishermen seeking to participate in the summer inshore fishery.

PANGNIRTUNG FISHERIES	2013	2012
Revenue	\$4.09 million	\$4.46 million
Expenses	\$4.28 million	\$4.30 million
Annual Surplus (Deficit)	(\$192,300)	\$160,600
Jobs Created or Maintained	42.71	35.42
Subsidy Fund Contributions	\$100,000	\$100,000
Capital Fund Contributions	\$157,000	-

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: Michal Nuamann
Board of Directors: Johnny Mike - Chair, Jacopie Maniapik - Vice, Lena Metuq - Secretary, Manasa Evic, Adamie Veevee, David Kooneloosie, Levi Evic, Brian Zawadski



From the bottom of Cumberland Sound, flat fish like small halibut.

Fishing, the Bottom Line

Turbot are flat fish or Greenland halibut, living on the bottom in Cumberland Sound. As small fry, they look like other fish, but soon start to lie on their sides on the bottom. The right eye migrates around the fish’s skull to come to rest on the left side of the body, with two eyes looking up, each capable of independent movement. They are carnivorous, feeding on smaller fish, fish fry, small crustaceans, and marine worms.

Fishers hired by Pangnirtung Fisheries for the winter fishery go out on the sea ice by skidoos and qamutiks, drilling holes and fishing for turbot with long lines, each with 120-150 hooks, held just off the bottom by a device called a “kite”. This winter, Dave Sowdluapik pulled up an incredible 92 turbot on one line. The fish are taken back to Pangnirtung where they are processed in a modern fish plant. Twenty people work in the plant, mostly Inuit women who are highly-skilled at operating the machines and preparing the fish.

The fish are cleaned, some are filleted, and flash frozen in the fish plant in Pangnirtung, and almost 100% or the filets are exported to China, where they are prized as gourmet food items.





Joseph Amarok and daughter processing char, Papirug Fisheries

This small processing facility located in Whale Cove supports a summer char fishery in that community. Summer char fishermen from Arviat and Rankin Inlet occasionally offload fish at this facility as well. The plant is administered by and run in close conjunction with Kivalliq Arctic Foods during the summer months. In a multi-year project funded by NDC, CanNor and ED&T, new refrigeration

and freezing compressors replaced older, inefficient condensing units. The company also retrofitted its freezer setup, expanding the storage freezer and reducing the size of the blast freezer allowing for improved consumption efficiencies and the ability to store more finished product.

PAPIRUQ FISHERIES LTD.	2013	2012
Total Revenue	\$111,900	\$20,500
Total Expenses	\$27,700	\$54,900
Annual Surplus or (Deficit)	\$84,200	\$(34,400)
Subsidy Fund Contributions	-	-
Capital Fund Contributions	\$94,900	-

*Subsidy and Capital Fund Contributions from NDC are included in revenue



Sea-run char from Hudson Bay

New Local Markets for Char

Mining development in Nunavut is creating new markets for products like arctic char. Many employees are Inuit and appreciate foods with which they are familiar, and workers from out of the territory appreciate quality fish products as well.

In a traditional knowledge study conducted in Whale Cove for the Meliadine Gold Project, local Elders expressed a hope that their

fish could be sold to Agnico-Eagle Mines to help feed employees. This is indeed true, as the Whale Cove fish are part of the fish orders being sold to Agnico-Eagle for use at both the Meadowbank Mine and Meliadine Gold Project. Chefs at each place are presenting the char not only in traditional ways but also applying their skills to offer more creative dishes.





Mary Kingatook Sr., Aniqniq, sewing for packing dolls, Taluq Designs

With the demand for Maplelea’s Saila doll rising in 2012, Taluq also began producing accessories in an effort to meet the increased orders. In addition to the dolls, Taluq’s designs of packing animals, slippers and mitts continue to

be popular with Nunavummiut. In the tiny hamlet of Taloyoak, Taluq plays the important role of providing income-earning opportunities for home-sewers and those who are keen to keep their traditional art alive.

TALUQ DESIGNS LTD.	2013	2012
Total Revenues	\$209,300	\$274,900
Total Expenses	\$191,800	\$258,800
Surplus (Deficit)	\$17,500	\$16,100
Jobs Created or Maintained	3.07	3.03
Subsidy Fund Contributions	\$130,000	\$130,000
Capital Fund Contributions	\$1,000	\$38,000

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: Mona Igutsaq
Board of Directors: Elizabeth Aiyot – Chair, Anaoyok Alookey, Anginalluq Uttaq, Brian Zawadski



Mona Igutsaq at an exhibition of Taluq Designs’ products

Mona and Her Team

For more than 37 years women in Taloyoak have produced unique wool duffle textile sculptures called “packing dolls” -- polar bears, belugas, seals, owls, ravens, rabbits, and walruses, and more, each with its own removable baby carried in its amauti. The first packing doll was a fish, developed as a joke by Peeteekootee Ugyuk. It did not work as it could not stand on its tail. However, the idea was a hit, and the group of women worked together, developing a whole

series of beautifully crafted animals which have become internationally sought-after collector’s items. In 1992, Taluq Designs was started as part of the NDC family of companies, employing the original doll-makers. It diversified into a larger group of seamstresses, making far more products.

Mona Igutsaq has worked on this project since the 1970s, and for Taluq Designs since 1992 (before it formally started). She is the heart of its unique line of dolls and wearable art and home accessories. Mona learned to sew when she went to school in Inuvik in 1959, first beading and knitting, then cutting and sewing clothing. She mentors younger women who want to produce the unique products sold by Taluq, from packing dolls to tea cozies, slippers, and much more.

About ten women now sew for Taluq Designs. The pieces for the packing dolls are cut out with a die cutter, and all materials are put together as a kit, which the sewers take home, assembling the animal and clothing at home.





Kawtysie Kakee weaving tapestry, Pangnirtung Weaving Shop

The largest hand-woven tapestry studio in Canada, Uqqurmiut Arts and Crafts’ Pangnirtung Weaving Shop is iconic to Nunavut. They continue to produce tapestries reflecting Nunavut landscapes, history, spirituality, and cultural imagery. These are done by hand on large looms using high quality woolen yarns, and are based on designs developed by artists associated with the Pangnirtung Print Collection and the weaving shop. The tapestries are sold to galleries and collectors both in Canada and abroad. Many now decorate large corporate spaces, or airports.

Last year the company celebrated *Forty Years of Inuit Tapestry* with exhibitions at the Canadian Guild of Craft in Montreal and the Inuit Gallery of Vancouver. Weavers and support personnel participating in the Montreal celebration included Kawtysie Kakee, Olassie Akulukjuk, Lorna Lawson, Deborah Hickman and UAC Chair Marlene Angnakak. A new initiative by the weavers is the creation of tapestries based on iconic Inuit prints, such as those done by Kenojuak Akavak and Jessie Oonark.

UQQURMIUT ARTS & CRAFTS LTD.	2013	2012
Revenue	\$513,000	\$766,200
Expenses	\$604,200	\$852,600
Annual Surplus or (Deficit)	(91,200)	\$(86,400)
Jobs Created or Maintained	9.11	12.15
Subsidy Fund Contributions	\$190,000	\$190,000
Capital Fund Contributions	-	45,000

*Subsidy and Capital Fund Contributions from NDC are included in revenue

General Manager: James Paris
Board of Directors: Marlene Angnakak – Chair, Geetee Maniapik, Jacopie Maniapik, Towkie Karpik, Manasie Noah, Brian Zawadski, Leah N. Kilabuk



A well-loved tapestry graces a Yellowknife home.

Treasured Tapestries

A Pangnirtung tapestry is something to be treasured as Ronne Heming knows. The tapestry bequeathed to her from her mother adorns a friend’s wall in Yellowknife. The tapestry, based on art by Malaya Akulukjuk and woven by Kawysie Kakee, is stunning in its simplicity and authenticity of depiction of the way a tent is put together.

In Southern Canada, Chris Bredt and Jamie Cameron of Toronto are passionate collectors of Inuit art, and treasure their collection of tapestries from the Pangnirtung Weaving Shop/Uqqurmiut Fine Arts. On a visit to Pangnirtung in 2001, they visited the weaving studio, talked to the manager and some of the artists, and were entranced by the beauty and originality of these pieces. Over the years, they have acquired dozens of pieces, some directly from Uqqurmiut, and some from southern galleries. The pieces are all stored lovingly in climate controlled cedar cabinets, which provide the best preservation for woolen items. Some are occasionally loaned out for prestigious exhibitions. Chris states, “My favourites are the landscapes, especially those by Malaya Akulukjuk.” He commented that people who view these tapestries are astonished at their quality and at the way the stories and the beauty of the land are created in such a durable and multidimensional artform.



NDC in Nunavut



NDC Financial Statements

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Nunavut Development Corporation

Management's Responsibility for Consolidated Financial Statements

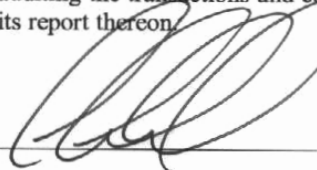
The accompanying consolidated financial statements of the Nunavut Development Corporation, for the year ended March 31, 2013, and all information contained in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors. The consolidated financial statements include some amounts, such as the allowance for doubtful accounts receivable and the valuation of 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 PS 1000 - 3510. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.

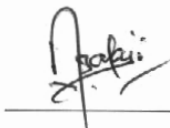
In discharging their responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, proper records are 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



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

Rankin Inlet, Canada
9 August 2013



Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Economic Development and Transportation

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 2013, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes 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 2013, 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, except for the change in the method of accounting for government transfers as explained in Note 2 to the consolidated financial statements, 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*, the *Business Corporations Act* and regulations, and the by-laws of the Nunavut Development Corporation and its subsidiaries.



Tammy Squires, CPA, CA
Principal
for the Auditor General of Canada

9 August 2013
Ottawa, Canada

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

	2013	2012
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 4,008,288	\$ 3,853,607
Accounts receivable (Note 4)	1,733,297	3,005,133
Inventories for resale (Note 5(a))	2,619,714	2,795,303
Portfolio investments (Note 6)	250,000	250,000
Total Financial Assets	\$ 8,611,299	\$ 9,904,043
Liabilities		
Bank overdraft (Note 7)	\$ 7,985	\$ 21,508
Bank operating loan (Note 8)	499,139	721,072
Accounts payable and accrued liabilities	1,203,947	1,394,439
Employee future liabilities (Note 9)	93,100	131,093
Lease obligations	9,603	-
Deferred revenue (Note 10)	-	1,754,954
Deferred capital contributions	-	3,515,628
Total Liabilities	\$ 1,813,774	\$ 7,538,694
Net Financial Assets	\$ 6,797,525	\$ 2,365,349
Non-Financial Assets		
Tangible capital assets (Schedule A)	\$ 1,575,478	\$ 1,077,012
Inventories for use (Note 5(b))	776,640	892,955
Prepaid expenses	49,180	29,143
Total Non-Financial Assets	\$ 2,401,298	\$ 1,999,110
Accumulated Surplus	\$ 9,198,823	\$ 4,364,459

Contractual obligations (Note 11)

Approved on behalf of the Board



Nancy Karetak-Lindell
Chairperson of the Board of Directors

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

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

	2013 Budget	2013 Actual	2012 Actual
Revenues			
Sales (Schedule B)	\$ 6,500,000	\$ 6,056,211	\$ 7,421,996
Cost recovery from non-government	-	99,631	174,751
Preference dividend on venture investment	30,000	25,882	15,625
Interest and other income (Note 3)	216,884	91,357	96,183
Total revenues	\$ 6,746,884	\$ 6,273,081	\$ 7,708,555
Expenses			
Cost of goods sold (Schedule C)	\$ 5,845,312	\$ 6,807,742	\$ 7,280,963
Selling and administration (Schedule D)	3,504,350	3,281,313	3,973,444
Amortization of tangible capital assets (Schedule A)	254,490	280,782	269,296
Total expenses	\$ 9,604,152	\$ 10,369,837	\$ 11,523,703
Deficit before Government contributions	(2,857,268)	(4,096,756)	(3,815,148)
Government contributions (Note 12)	\$ 3,268,468	\$ 3,660,538	\$ 3,778,816
Surplus (deficit) for the year	411,200	(436,218)	(36,332)
Accumulated surplus, beginning of the year	4,364,459	4,364,459	4,400,791
Adjustment to accumulated surplus, beginning of the year (Note 2(a))	-	5,270,582	-
Accumulated surplus, end of the year	\$ 4,775,659	\$ 9,198,823	\$ 4,364,459

Nunavut Development Corporation
Consolidated Statement of Changes in Net Financial Assets
for the year ended March 31

	2013 Budget	2013 Actual	2012 Actual
Surplus (deficit) for the year	\$ 411,200	\$ (436,218)	\$ (36,332)
Tangible capital assets (Schedule A)			
Additions	\$ (346,299)	\$ (779,248)	\$ (188,380)
Amortization	254,490	280,782	260,387
Disposals	-	-	8,909
	\$ (91,809)	\$ (498,466)	\$ 80,916
Net use (additions) of inventories for use	\$ -	\$ 116,315	\$ (1,967)
Net additions of prepaid expenses	-	(20,037)	(364)
	\$ -	\$ 96,278	\$ (2,331)
Change in net financial assets	\$ 319,391	\$ (838,406)	\$ 42,253
Net financial assets, beginning of the year	2,365,349	2,365,349	2,323,096
Adjustment to deferred revenue and deferred capital contributions, beginning of the year (Note 2(a))		5,270,582	
Net financial assets, end of the year	\$ 2,684,740	\$ 6,797,525	\$ 2,365,349

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

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

	2013	2012
Cash provided by (used for) operating activities		
Sale of goods	\$ 7,171,250	\$ 6,583,864
Government of Nunavut Contributions and other	4,439,130	4,433,902
Paid to suppliers	(3,604,622)	(5,625,170)
Paid to employees	(3,140,302)	(2,074,539)
Interest paid	(41,116)	(24,659)
Other operations and project expenses	(3,654,955)	(3,547,506)
Cash provided by (used for) operating activities	1,169,385	(254,108)
Cash provided by (used for) financing activities		
Bank operating loan obtained (repaid) (Note 8)	(221,933)	332,303
Cash provided by (used for) financing activities	(221,933)	332,303
Cash provided by (used for) investing activities		
Venture equity investment	(300,000)	-
Redemption of venture equity investment	300,000	-
Cash used for investing activities	-	-
Cash provided by (used for) capital activities		
Tangible capital asset acquisitions	(779,248)	(188,380)
Tangible capital asset disposals	-	8,909
Cash used for capital activities	(779,248)	(179,471)
Increase (decrease) in cash and cash equivalents	168,204	(101,276)
Cash and cash equivalents - beginning of the year	3,832,099	3,933,375
Cash and cash equivalents - end of the year	4,000,303	3,832,099
Represented by:		
Cash and cash equivalents (Note 3)	4,008,288	3,853,607
Less: Bank overdraft (Note 7)	(7,985)	(21,508)
	\$ 4,000,303	\$ 3,832,099

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

Nunavut Development Corporation
Notes to the Consolidated Financial Statements
March 31, 2013

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* (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 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) Reporting entity

The consolidated financial statements present summary information and serve as a means for the Corporation to show its accountability for the resources, obligations and financial affairs for which it is responsible.

(e) Budget

The consolidated budget balances disclosed in the consolidated financial statements represent the Corporation’s original approved budget for 2012-13 as approved by the Board of Directors.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS), which represent generally accepted accounting principles for the Public Sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The following is a summary of significant accounting policies:

(a) Adoption of new public sector accounting standards

Effective April 1, 2012 the Corporation adopted PS 3450 – Financial Instruments and PS 3041 – Portfolio Investments. These sections establish standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. As per the guidance in PS 3450, financial instruments of prior periods and comparative information presented in these financial statements have not been restated upon adoption of these standards. There were no significant impacts of adopting these standards for the year ended March 31, 2013.

Effective April 1, 2012 the Corporation adopted the revised version of PS 3410 – Government Transfers. The impact of adopting this standard was to reclassify government funding for capital projects received in prior years from a deferred revenue liability and a deferred capital funding liability to accumulated surplus. The changes have been applied retroactively without restatement of prior periods and comparative information, as follows:

	2013
April 1, 2012 opening accumulated surplus, as originally reported	\$ 4,364,459
Adjustments to accumulated surplus – PS 3410	
- Deferred revenue	1,754,954
- Deferred capital contributions	3,515,628
April 1, 2012 opening accumulated surplus	\$ 9,635,041

(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. 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 Corporation controls each of the nine subsidiaries listed below through a combination of ownership interests and other pertinent indicators. Therefore, the financial assets, liabilities, non-financial assets, revenue and expenses of each of the nine subsidiaries have been fully consolidated into these consolidated financial statements.

The non-controlling interests in Pangnirtung Fisheries Ltd., 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, 2013 are \$3,055,792 (March 31, 2012 - \$2,969,160).

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

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
Pangnirtung Fisheries Ltd.	Pangnirtung	51%	September 11, 1992
Papiruaq Fisheries Ltd. (formerly 933261 N.W.T. 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

(c) Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in accordance with the Public Sector Accounting Standards (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 Corporation 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 capital assets, the allowance for doubtful accounts receivable and the provision to reduce inventories to their estimated net realizable value. Actual results could differ from those estimated.

(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) 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 by the cost method. Such investments are normally in equity instruments 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 as a component of interest and other income. Dividend income is recognized as it is declared, and gains and losses on sales of portfolio investment are recognized when realized.

(f) Inventories

Inventories for resale include arts & crafts finished goods and meat & fish valued at the lower of cost and estimated net realizable value, with cost being determined on a weighted average basis. Cost for non-interchangeable items like carvings are assigned by using specific identification of their individual costs.

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

(g) Non-financial assets

Non-financial assets, including tangible capital assets, inventories for use and prepaid expenses, are recognized on the Consolidated Statement of Financial Position only if they are expected to be used to provide services or support the Corporation's operations in future years. These assets would not normally be used to provide financial resources to discharge liabilities of the Corporation unless they were sold. Non-financial assets are amortized or charged to expenses in future periods as they are used to provide services or support operations. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in the non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Assets for the year.

(h) Tangible capital assets

Tangible capital assets are non-financial assets whose life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering company services. Tangible capital assets are recorded at cost and when the assets are contributed, fair value or a nominal amount if fair value is not determinable.

Tangible capital assets include buildings, leasehold improvements, vehicles, 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 based on the following guidelines:

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 years
Computer equipment	1 - 2 years

The leasehold improvements are amortized over the lesser of their useful life or the lease term. Tangible capital assets under construction or development are recorded as work in progress with no amortization taken until the time the asset is placed into service. The cost of licenses is charged to expense in the year they are acquired.

(i) Employee future liabilities

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. An actuarial valuation of the cost of these benefits has not been prepared for this purpose. Termination benefits are recorded when eligible employees are identified for lay-off.

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.

The Corporation makes contributions on behalf of its employees to registered retirement savings plans up to established limits. The contributions to the registered retirement savings plans represent a defined contribution benefit plan. There is no obligation by the employees to make contributions. In 2013, the Corporation's contributions were \$43,027 (2012 - \$36,584). These contributions represent the total pension obligation of the Corporation and are recognized in the Consolidated Statement of Operations and Accumulated Surplus on a current basis.

(j) Government contributions

Transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

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 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.

(k) 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.

(l) Revenues

Unless otherwise stated, all revenues are recognized and reported on an accrual basis in the period in which transactions or events give rise to the revenues.

Specific revenue accounting policies are as follows:

Revenue from fish and meat sales and arts and craft sales is recognized at the time of sale of inventoried goods when cash considerations have been received from the customer or the customer has approved credit and there is a high expectation of collection.

Interest revenue is recognized when it is earned.

(m) 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.

(n) 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.

(o) Contractual obligations and contingencies

The nature of the Corporation's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. The contingencies of the Corporation are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. Contingent liabilities result from potential or pending litigation and like items. As of the year-end, there are no contingent liabilities.

(p) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimate at the time the contamination occurs or where the company becomes aware of the contamination and is obligated to incur such costs. If the likelihood of the Corporation's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. Accrued environmental liabilities are reported as part of the accounts payable and accrued liabilities. The environmental liabilities are reassessed on an annual basis. As of the year-end, there are no environmental liabilities.

(q) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, portfolio (venture) investments, bank overdraft, bank operating loan, 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, 2013:

<u>Financial Assets</u>	<u>Measurement Basis</u>
Cash and cash equivalents	Cost
Accounts receivable	Cost
Portfolio investments	Cost
<u>Financial Liabilities</u>	<u>Measurement Basis</u>
Bank overdraft	Cost
Bank operating loan	Amortized cost
Accounts payable and accrued liabilities	Cost

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations and Accumulated Surplus. An impairment 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.

3. Cash and cash equivalents

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Cash held by the		
Parent company	\$ 3,096,116	\$ 2,582,152
Subsidiaries	312,172	371,455
Short-term deposits	<u>600,000</u>	<u>900,000</u>
	<u>\$ 4,008,288</u>	<u>\$ 3,853,607</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 2.25% to 2.50% per annum on the daily average of the daily closing credit balances. Net investment income of \$35,472 (2012 - \$33,829) is included in interest and other income.

As at March 31, 2013, 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 \$600,000 (2012 - \$900,000) bearing interest ranging from 0.55% to 1.25% (2012 - 0.15% to 1.25%) per annum, which matures in 2013.

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

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Capital fund	\$ 375,813	\$ 422,429
Capital reserve fund	397,489	428,503
Subsidy fund	189,000	189,000
Venture investment fund	1,517,002	1,143,120
Venture reserve fund	<u>25,000</u>	<u>25,000</u>
Total Fund Balances	<u>\$ 2,504,304</u>	<u>\$ 2,208,052</u>

Cash consists of capital and operating funds. All the capital accounts are designated for the acquisition of capital per the *Nunavut Development Corporation Act*.

4. Accounts receivable

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Total Accounts Receivable	\$ 1,841,160	\$ 3,144,112
Less: Allowance for doubtful accounts	<u>(107,863)</u>	<u>(138,979)</u>
Net Accounts Receivable	<u>\$ 1,733,297</u>	<u>\$ 3,005,133</u>

There were no write-offs of receivables in 2013 (2012 - \$36,636).

5. Inventories

(a) For resale

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Finished Goods		
Arts & Crafts	\$ 2,076,578	\$ 2,145,905
Meat & Fish	<u>543,136</u>	<u>649,398</u>
	<u>\$ 2,619,714</u>	<u>\$ 2,795,303</u>

During the year, inventories of \$24,142 (2012 - \$25,180) were written off or marked down.

(b) For use

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Raw materials and work-in-process		
Arts & Crafts	\$ 167,619	\$ 182,611
Meat & Fish	<u>406,947</u>	<u>262,951</u>
	<u>\$ 574,566</u>	<u>\$ 445,562</u>
Packaging supplies		
Arts & Crafts	\$ 11,164	\$ 11,237
Meat & Fish	<u>190,910</u>	<u>436,156</u>
	<u>\$ 202,074</u>	<u>\$ 447,393</u>
Total inventories for use	<u>\$ 776,640</u>	<u>\$ 892,955</u>

6. Portfolio investments

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Preferred Shares	<u>\$ 250,000</u>	<u>\$ 250,000</u>

The Corporation is a registered holder of 250 Class D Preferred Limited Partnership Units in Arctic Fishery Alliance Limited Partnership. 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. 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.

7. Bank overdraft

Based on operational needs, the Corporation's operating account may from time to time be in an overdraft position. The Corporation's overdraft is guaranteed by the Government of Nunavut and interest on the overdraft is charged based on a rate of prime plus 0.5% 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.

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Uqqurmiut Arts and Craft Ltd	\$ 1,946	\$ 21,508
Jessie Oonark	<u>6,039</u>	<u>-</u>
Total	<u>\$ 7,985</u>	<u>\$ 21,508</u>

8. Bank operating loan

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

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Pangnirtung Fisheries Ltd	<u>\$ 499,139</u>	<u>\$ 721,072</u>

Pangnirtung Fisheries Ltd. has a demand operating loan of \$500,000 at the bank prime rate plus 0.5%, secured by a floating charge debenture covering all company assets, a guarantee and a support agreement signed by Nunavut Development Corporation unconditionally agreeing upon written request of the bank at any time during the term of the agreement to pay the current support amount to the company in trust for the bank.

The actual bank balance has exceeded the limit of \$500,000, at times during the year. The excessive pressure on the bank account in 2012 winter was brought about by a very strong winter fishery along the lines that had not been seen for many years.

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, 2013 (2012 - 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, 2013 (2012 - nil).

9. Employee future liabilities

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Severance	\$ 93,100	\$ 126,128
Removal	<u>-</u>	<u>4,965</u>
	<u>\$ 93,100</u>	<u>\$ 131,093</u>

10. Deferred revenue

	<u>Mar 31, 2013</u>	<u>Mar 31, 2012</u>
Held by Subsidiaries	\$ -	\$ 179,055
Held by Parent company	-	189,000
Venture Inv. Contrib. by GN	<u>-</u>	<u>1,386,899</u>
	<u>\$ -</u>	<u>\$1,754,954</u>

11. Contractual obligations

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:

2014	\$ 166,800
2015	167,208
2016	167,412
2017	167,412
2018	109,108
2019 and beyond	<u>80,132</u>
	<u>\$ 858,072</u>

12. Government contributions

	<u>2013</u>	<u>2012</u>
Subsidy payments from Government of Nunavut:		
- for operating purposes	\$ 2,580,000	\$2,555,000
- for capital purposes	260,000	-
- for venture equity	348,000	-
	<u>3,188,000</u>	<u>2,555,000</u>
Other contributions from Government of Nunavut:		
- Amortization of DCC – Parent	-	202,930
- Amortization of DCC – Subsidiaries	-	28,637
- Contributions from GN, Dept. of Environment		
o Pangnirtung Fisheries Ltd.	411,544	400,731
o Kivalliq Arctic Foods Ltd.	-	158,088
- Other direct contributions to Subsidiaries	<u>60,994</u>	<u>433,430</u>
	<u>\$ 3,660,538</u>	<u>\$3,778,816</u>

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Nunavut created departments and Territorial corporations and enters into transactions with these entities in the normal course of business at normal trade terms and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Corporation receives insurance coverage at no cost from the Government of Nunavut and it is not recognized in these consolidated financial statements due to its insignificant amount.

As disclosed in Note 2(b), the Corporation does not hold 100% interest in all subsidiaries. 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.

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

	<u>2013</u>	<u>2012</u>
(a) Sales		
Government of Nunavut	12,309	28,944
Non-controlling interests	<u>62,082</u>	<u>39,686</u>
	<u>\$ 74,391</u>	<u>\$ 68,630</u>
(b) Purchases		
Non-controlling interests	<u>\$ 3,437</u>	<u>\$ 12,602</u>
(c) Selling and administrative expenses		
Government of Nunavut	933,531	926,443
Non-controlling interests	<u>73,658</u>	<u>110,301</u>
	<u>\$1,007,189</u>	<u>\$1,036,744</u>
(d) Territorial subsidies paid directly to Subsidiaries		
Government of Nunavut - freight	507,129	611,835
Non-controlling interests - other	<u>403,638</u>	<u>746,583</u>
	<u>\$ 910,767</u>	<u>\$1,358,418</u>
(e) Accounts receivable		
Government of Nunavut	173,898	1,177,614
Non-controlling interests	<u>325,151</u>	<u>10,325</u>
	<u>\$ 499,049</u>	<u>\$1,187,939</u>
(f) Accounts payable		
Government of Nunavut	243,743	177,807
Non-controlling interests	<u>187,429</u>	<u>109,773</u>
	<u>\$ 431,172</u>	<u>\$ 287,580</u>

14. 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 Corporation is exposed to credit risk through cash deposits with financial institutions and the sale of goods to customers. For cash in interest-bearing accounts and accounts receivable, the maximum exposure to credit risk is the carrying amount on the Consolidated Statement of Financial Position. At the end of 2013, 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 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, 2013, the accounts receivable total \$1,733,297 (2012 - \$3,005,133), out of which \$183,820 are 31-60 days old (2012 - \$314,275), \$94,109 are 61-90 days old (2012 - \$104,947) and \$607,920 are over 90 days old (2012 - \$1,075,056). 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.

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, 2013	Mar 31, 2012
Balance, beginning of year	\$138,979	\$ 80,822
Receivables written-off	-	(36,636)
Increase (decrease) in allowance during the year	(31,116)	94,793
Balance, end of year	\$107,863	\$138,979

The Corporation is also subject to credit risk when investing in subsidiaries. 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. 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 on its bank operating loan because any change in interest will cause fluctuations in interest expense. The Corporation mitigates the cash flow risk by keeping the Bank operating loan at a minimum level and by paying any outstanding amounts owed as soon as possible with the excess cash available. For each 1% change in the rate of interest on the bank operating loan, the change in annual interest expense is \$5,000 upon applicable year end balances.

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 (bank overdraft, bank operating loan and accounts payable). The Corporation manages its liquidity risk by continuously monitoring forecasted and actual cash flows to ensure 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.

15. Comparative Information

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

	2013						2012	
	Office Furniture							
	Buildings	Equipment	Leasehold Improvements	Equipment	Computer Equipment	Automotive Equipment	Totals	Totals
Cost of tangible capital assets								
Opening balance	9,895,815	3,490,112	565,140	464,246	224,088	309,894	14,949,295	14,939,215
Additions	523,881	221,238	-	18,187	7,153	8,789	779,248	188,380
Disposals	-	-	-	-	-	-	-	(178,300)
Closing balance	10,419,696	3,711,350	565,140	482,433	231,241	318,683	15,728,543	14,949,295
Accumulated amortization								
Opening balance	(9,158,889)	(3,429,784)	(356,100)	(431,370)	(212,188)	(283,952)	(13,872,283)	(13,781,287)
Amortization	(101,510)	(59,618)	(82,834)	(10,788)	(13,089)	(12,943)	(280,782)	(260,387)
Disposals	-	-	-	-	-	-	-	169,391
Closing balance	(9,260,399)	(3,489,402)	(438,934)	(442,158)	(225,277)	(296,895)	(14,153,065)	(13,872,283)
Net book value								
	1,159,297	221,948	126,206	40,275	5,964	21,788	1,575,478	1,077,012
Estimated useful life	10-20 years	5 years	5-10 years	5 years	1-2 years	5 years		

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

Schedule B

	Arts & Craft	Meat & Fish	Inter-co. elimination Dr. Cr.	2013 Actual	2012 Actual
Sales					
Meat & Fish	46,498	498,516		545,014	361,373
Fish	-	2,385,030		2,385,030	2,297,810
Quota	-	875,120		875,120	1,443,785
Muskox	-	137,127		137,127	171,393
Arts & Craft	2,047,143	-		2,047,143	3,000,011
Supplies	-	412,265		412,265	548,811
Management Fee	-	8,532		8,532	13,612
Intercompany sales elimination	-	-	(354,020)	(354,020)	(414,799)
Total	2,093,641	4,316,590	(354,020)	6,056,211	7,421,996

**Nunavut Development Corporation
Consolidated Schedule of Cost of goods sold
for the year ended March 31**

Schedule C

	Arts & Craft	Meat & Fish	Inter-co. elimination Dr. Cr.	2013 Actual	2012 Actual
Cost of goods sold					
Opening Inventory	2,339,754	1,348,505		3,688,259	2,972,690
Purchases	1,208,089	2,087,515		3,295,604	4,485,680
Product repair and development	11,589	-		11,589	17,235
Commission	144,381	-		144,381	237,304
Royalties	-	-		-	9,879
Direct Labour	365,009	884,590		1,249,599	1,496,859
Utilities	128,256	664,231		792,487	787,769
Plant maintenance and repair	-	32,852		32,852	54,931
Tools and Vehicle exp.	-	44,269		44,269	64,445
Food safety & Productivity expenses	-	33,111		33,111	70,050
Freight and packaging	86,429	1,155,391		1,241,820	1,161,999
Inventory writedown/markdown	19,954	4,188		24,142	25,180
Closing Inventory	(2,255,361)	(1,140,992)		(3,396,353)	(3,688,259)
Inter-company purchases elimination	-	-	(354,018)	(354,018)	(414,799)
Total	2,048,100	5,113,660	-	6,807,742	7,280,963

Nunavut Development Corporation			Schedule D	
Consolidated Schedule of Selling and administration expenses				
for the year ended March 31				
	Arts & Craft	Meat & Fish	2013 Actual	2012 Actual
Selling expenses				
Advertising and promotion	68,393	18,094	86,487	342,110
Bad debts (recovered)	6,077	485	6,562	2,580
Board expenses	74,372	43,930	118,302	111,344
Bank charges and interest	60,321	43,533	103,854	69,146
DFO Sampling costs	-	5,600	5,600	4,500
Equipment lease	1,114	-	1,114	5,898
Freight and postage	6,016	-	6,016	5,255
Insurance	697	-	697	2,556
Legal fees	29,033	-	29,033	15,549
Licenses and lease	100	8,774	8,874	19,848
Loss on disposal of assets	-	-	-	8,909
Management Fees	-	-	-	7,000
Miscellaneous	4,094	(29,608)	(25,514)	152,920
Office supplies	71,230	44,199	115,429	102,186
Professional fees	98,501	74,874	173,375	166,853
Rent	104,497	-	104,497	141,876
Repairs and maintenance	26,460	50,021	76,481	85,217
Salaries and benefits	1,492,634	649,645	2,142,279	2,309,806
Telephone and utilities	66,596	23,214	89,810	133,834
Trade shows	7,390	-	7,390	24,015
Translating	9,640	-	9,640	3,270
Travel	191,137	21,505	212,642	211,781
Vehicle expenses	-	8,745	8,745	46,991
Total	2,318,302	963,011	3,281,313	3,973,444