





Printmaker Jolly Atagoyuk works with stencils in the Pangnirtung Print Shop (Uqqurmiut).

angela gowski/uphere magazine





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Traditional doll created by Lizzie Ittinuar, Rankin Inlet.





## Message From Nancy Karetak-Lindell, Chairperson

In my role as chairperson I continue to witness the changing elements of our economy. Employment and business opportunities available to Nunavut's younger generation today are limitless which is in significant contrast to the situation when I was starting out when very few high paying jobs were considered for Inuit. Provided today's younger generation have the ambition to challenge themselves, complete grade twelve and potentially pursue some additional post secondary training, the income earning opportunities available to this group of Inuit are numerous.

I recognize that not all is equal across our territory, yet the economic trends we see taking place in Nunavut are not that unique. In fact we are really not that much different than other jurisdictions whereby business and government tend to concentrate in our larger centers. This is perfectly normal as they seek out enhanced operating efficiencies, labour pools, transportation links and marketing opportunities.

Our smaller communities represent our heart – they represent how many Nunavummiut see themselves as they ply their trade or profession in larger communities such as Iqaluit and Rankin Inlet. With fewer economic, income earning, and business opportunities in communities outside of our larger centers, NDC endeavors to deploy its assets to help support employment, business and income earning opportunities in our smaller hamlets. For example, this past year NDC placed a new equity investment in Tukumaaq Suites, a hotel project in the community of Clyde River that has the potential to create many long-term jobs and income earning opportunities both in the construction phase and through ongoing operations once it opens. As another example, Kivalliq Arctic Foods worked directly with winter char fishermen in Qikiqtarjuaq and purchased in excess of 30,000 lbs of fish from fishermen in that community.

Nunavut's arts and crafts sector is evolving as well; some may say it is at a crossroads. In the past, I think we have underemphasized the importance of the Nunavut marketplace, possibly focusing too much on more distant markets while overlooking opportunities closer to home. We are indeed our own best customers when it comes to supporting our cultural industries. It is true that the Nunavut market is small, but its size often reflects the local production capacity of our producers. The importance of our own Nunavut customer base should

not be overlooked especially given the pressure that Inuit art markets in the south are under.

Without completely discounting external markets, the development of the Kivalliq Arctic Foods "Country Food Pak" program is proving increasingly popular among Nunavummiut. For a flat fee across the territory that includes shipping, Nunavummiut can order a country food pak consisting of char, muskox, caribou products and have it shipped to their community the next day. We have also worked closely with Nunavut's grocery retailers to increase the availability of country food items harvested by our hunters and fishermen and processed at our regional plants. Locally-produced foods are becoming more popular in southern communities and are prominently marketed in grocery stores in the south. We will continue to work with grocery retailers in Nunavut communities to advance this market and to ensure that locally-produced food options are available, produced by Nunavummiut for Nunavummiut.

The reality of business and economics cannot be overlooked; the same forces that shape and impact markets around the world also apply here. Whether arts and crafts or the Nunavut fishery; these sectors are not immune to economic change that takes place beyond our territory. Governments can only do so much, business cycles have to work themselves through and affected sectors have to evolve and adapt if they are to remain relevant.

In closing I would like to recognize outgoing director Louie Kamookak (Gjoa Haven) for his many years of service to the NDC Board. I want to recognize my board colleagues for their ongoing support and also all of our dedicated staff whether at HQ, the subsidiary companies or the Sales Division – matna (thank you.)

**Nancy Karetak-Lindell**  
Chairperson



## Corporate Governance and Management

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

### Our Mandate (the “Act”)

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

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

To invest in business enterprises in order to:

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

To promote the economic objectives of the Government of Nunavut.

### Our Vision

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

### Our Mission

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

## The Board of Directors

NDC Board members are appointed by the Minister responsible for the Corporation; the Honourable George Kuksuk. Board Members are appointed to three-year terms and represent a strong cross section of our diverse population. The Chairperson of the NDC Board is also directly appointed by the Minister.

The NDC Board met three times in 2013-14. The first meeting took place in Pangnirtung in May 2013. The second meeting took place by teleconference in August 2013 to approve NDC’s Financial Statements, while a third meeting took place at NDC Sales Division in November.



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Did you know that NDC and Arctic Co-ops teamed up to provide a sizable donation of caribou and arctic products to the Iqaluit Elders Qammaq?



## The 2013-14 NDC Board of Directors is as follows:

	POSITION	COMMUNITY	APPOINTED	EXPIRES
Nancy Karetak-Lindell	Chairperson	Arviat	03/09/2012	03/09/2015
David Alagalak	Director	Arviat	03/09/2012	03/09/2015
Jerry Ell	Director	Iqaluit	03/09/2012	03/09/2015
Donald Havioyak	Vice-Chair	Kugluktuk	03/09/2012	03/09/2015
Zachariaas Kunuk	Director	Igloolik	03/09/2012	03/09/2015
John Main	Director	Cambridge Bay	03/09/2012	03/09/2015
Chris Rudd	Secretary	Rankin Inlet	03/09/2012	03/09/2015

Section 20 of the Act establishes three subcommittees as follows:

- Investment Committee
- Audit Committee
- Personnel Committee

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

The 2013-14 NDC Executive Committee Consisted of :  
Nancy Karetak-Lindell, Donald Havioyak, Chris Rudd





## NDC Headquarters

Staff at NDC Headquarters oversee the corporate planning, budgeting and financial reporting functions for the Corporation. HQ staff also provide a variety of administrative, business and project management supports to the subsidiary companies. HQ works with other organizations, individuals, communities and

Governments to help advance broader strategic initiatives in sectors such as cultural industries, commercial fishing, commercial harvesting, food processing and tourism. The Venture Investment Fund is administered out of the NDC Headquarters. Proposals from Nunavut proponents are received and reviewed here.

### President

Darrin Nichol

### Chief Financial Officer

Balaji Ramamani CMA (US)

### Manager of Finance and Administration

Bernadette Tutanuak

### Business Advisor - Cultural Industries

Goretti Kakuktinnik

### Business Advisor - Fisheries, Harvesting & Food Processing

Kyle Tattuinee

### Executive Secretary

Esther Issaluk

NDC HEADQUARTERS	2014	2013
Revenues	\$1.54 million	\$1.37 million
Expenses	\$1.45 million	\$1.31 million
Annual Surplus	\$95,000	\$60,000
Jobs Created or Maintained	5.5	5.5
Core Funding - Operations*	\$1.45million	\$1.3 million
Core Funding - Capital*	-	\$11,600

\*(Core Funding included in revenues)

## A Fond Farewell to Louie Kamookak

Louie Kamookak has served on the NDC Board between 2002 and 2014, and as Chair from Sept. 2003 and April 2011. He has been an active and involved Board member, and his wisdom has strongly influenced the direction of NDC and its subsidiary companies. Louie leaves a strong legacy with high value placed on traditional styles and methods.

Louie Kamookak has a lifelong interest in history of the Inuit, and of the explorers, missionaries and traders whose journeys so influenced the North. As a child, he lived on the land on King William Island with his grandparents and great-grandparents. When he was about 7, he found a hill littered with spoons, forks, and "round dark things" (musket balls). He moved into Gjoa Haven at age 10 and went to school. At age 13, he heard about the Franklin expedition that was lost on the land in the area around King William Island during the mid 1800s. Everything clicked, and he eventually went back to the sites and understood much more. Throughout his adult life he has devoured everything he can about the third Franklin expedition, and is a recognized authority on this very real Canadian mystery. He has recorded Elders' stories for more than 20 years, researching the localities mentioned in the interviews. Louie consults with Parks Canada and a multitude of academics who are probing the mystery of



the disappearance of this entire expedition. Currently he is consulting with the Dept. of Education and a team of educators who are developing an educational website to be used by schools across Canada, not only to teach Canadian history but also to foster a sense of exploration and encourage research skills. Entitled "Canada Mystery Series", the site will include twelve mysteries, one from each region of Canada. One of these is the mystery of the Franklin expedition, and Louie is key to the development of the story and the site. He continues his work with Parks Canada in the search for the missing ships.

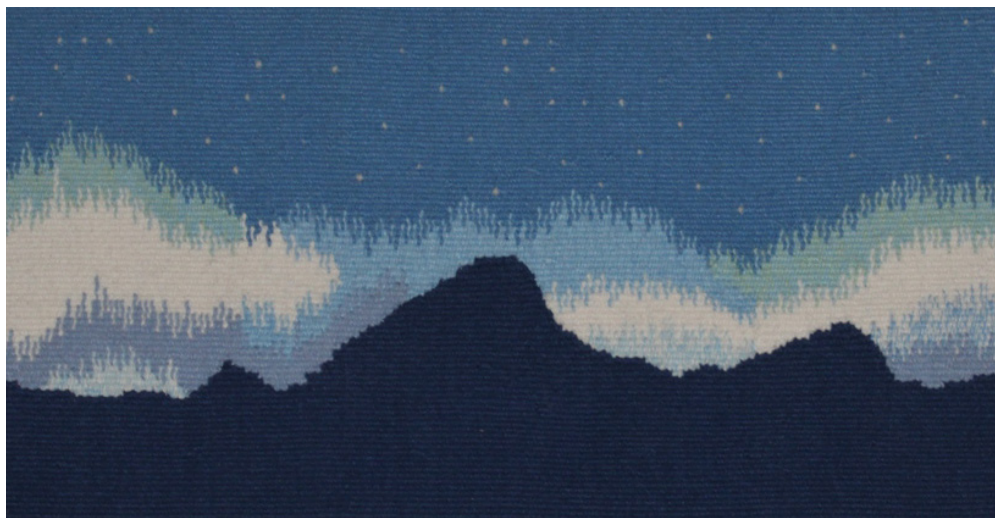


## Job Creation

The following Nunavut jobs were created or maintained during the 2013-2014 fiscal year. These job creation or maintenance figures are consistent with the Corporation's Investment and Divestment Guidelines, which define:

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

INVESTMENTS	DIRECT JOBS	DIRECT TRADITIONAL JOBS	INDIRECT JOBS	TOTAL JOBS 2014	TOTAL JOBS 2013
<b>Arctic Foods</b>					
Kivalliq Arctic Foods Ltd.	7.56	3.88	-	11.44	12.49
Kitikmeot Foods Ltd.	6.15	2.91	-	9.06	10.41
Pangnirtung Fisheries Ltd.	11.23	16.74	-	27.97	42.71
<b>Arts and Crafts</b>					
Ivalu Ltd.	1.99	1.31	-	3.30	2.14
Jessie Oonark Ltd.	3.44	0.94	-	4.38	6.93
Kiluk Ltd.	4.75	0.60	-	5.35	4.59
Taluq Designs Ltd.	1.34	0.48	-	1.82	3.07
Uqqurmiut Arts & Crafts Ltd.	7.35	3.74	-	11.09	9.10
<b>Venture Investments</b>					
Arctic Fishery Alliance Ltd.	-	-	10.05	10.05	10.05
<b>SUBTOTAL</b>	43.81	30.60	10.05	84.46	106.74
<b>Nunavut Development Corporation</b>	13.50	-	-	13.50	24.50
<b>TOTAL</b>	57.31	30.60	10.05	97.96	131.24



## Nunavut's Cultural Industries

The Nunavut market for locally-produced arts and crafts is a good one. Whether people visiting from outside the territory or Nunavummiut themselves visiting other Nunavut communities on business-related travel; our local markets are strong. These local markets also tend to be the most profitable for the producer and bring best value for the buyer. Customers are generally looking for items easily transported in a carry-on bag or that can be properly packaged to ensure safe travel. Jewellery produced by Nunavut producers has been of high interest. Jewellery, small tools, and wearable accessory production are good choices which fits well within the supporting sales criteria of being easily transportable. Last year NDC and its subsidiary company Ivalu worked with organizations and directly with producers to purchase a wide variety of Inuit-made jewellery and small traditional tools such as uluit; two of these artists are profiled.

### Meet Matthew Nuqingaq



Glistening antler earrings that sparkle when worn, large polar bear claws wrapped in a band of silver and of course, the mystic shape known as “Foxy Lady” are all notable works of Matthew Nuqingaq, an Iqaluit-based jeweler. Matthew’s pieces often

merge bone or antler with silver and some use only one medium. He has been working as a jewellery-maker for over 16 years and his work has been showcased all over the world.

Matthew’s work is available through Ivalu online as well as through his studio in Iqaluit.

### Meet Mosesie Lewis



After years of working for the City of Iqaluit as a heavy equipment operator, Mosesie Lewis started a new career that combines his knowledge of the past, traditional tools, and knowledge of metalworking. Mosesie makes beautifully balanced uluit which are wonderful works of art as well as being sturdy, functional tools.

Mosesie crafts the blades out of hard stainless steel, and adds handles made from rare woods as well as antler and muskox horn. Mosesie’s uluit are available in Ivalu in Rankin Inlet, online from Ivalu.ca and from the NDC wholesale outlet in Mississauga, ON.





## Promoting our Artists & Finding New Markets

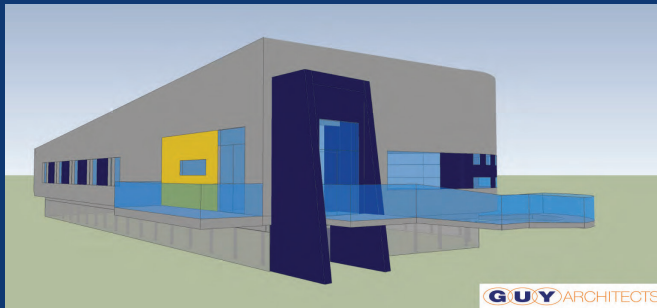
Last year NDC undertook many market development initiatives with an emphasis on promoting the goods made by Nunavut seamstresses, carvers and crafts people. NDC is rebuilding the pan-northern market place, a market that typically generates the most interest among buyers and best profit margins for our producers. NDC's participation in the Great Northern Arts Festival in Inuvik was positive and generated significant sales both at the event and in the months following. Access to Inuit-produced items, whether sealskin goods or jewellery from Pangnirtung, proved popular with show attendee's. NDC also visited the communities of Repulse Bay, Igloodik and Hall Beach to source out producers and also to continue building markets for Nunavut-produced goods and services. Finally NDC participated in all three major Nunavut trade shows in Cambridge Bay, Rankin Inlet and Iqaluit.



## An Earring Extravaganza

Earrings are popular jewellery gifts, and Ivalu in Rankin Inlet is flush with an incredible variety of earrings in precious metals and natural materials. Bowhead whales, seals, and char cavort from slender silver wires. From tiny kamiit carved from ivory with minute leather tassels to beautifully carved ivory and baleen sea mammals, masks, and tools to tiny stone igluit, and inuksuit, the choices are amazing, and prices affordable. Then, there are brilliant silver antlers, soaring gulls cleverly fashioned of bent silver, snow goggles, uluit in circles of twisted wire, and more, inuksuks of copper and silver, handsome gold ulus, and intriguing gold butterflies that, on closer examination turn out to be a pair of diving seals. These are all hand made by artists from across Nunavut, tiny wearable treasures.

## Tukumaaq Suites



Arctic lodging is in high demand in most Nunavut communities and Clyde River is no exception. NDC has invested \$475,000 of equity investment into a new project in that community known as Tukumaaq Suites. When completed, Tukumaaq Suites will mean that there are 8 additional hotel rooms in Clyde River, a community that shows great promise of growth over the next few years. The project brings significant employment opportunities to the community both during construction and operation. Construction is expected to be completed in April 2015.

## A Load of In-Shore Turbot

Pangnirtung fishermen had their hands, and nets, full this past winter when they fished 736,000 lbs of turbot. The NDC subsidiary Pangnirtung Fisheries processed the turbot caught by 60-70 fishermen over three months. The employment from that fishery is estimated to be worth approximately \$1 million. Further employment opportunities occur at Pangnirtung Fisheries which processes the turbot (and arctic char, during the summer).

Test fisheries indicate that a summer inshore turbot fishery may be feasible. This may occur during the summer of 2014 to better utilize the annual quota. If that occurs it will mean more employment and economic benefits to this small community.



Did you know that NDC supported many Nunavut community organizations dedicated to addressing food security issues within their hamlets, including the Arviat Food Bank and the Iqaluit Soup Kitchen?



## Harvesting Commercial Char in Qikiqtarjuaq

In the winter of 2013, Qikiqtarjuaq fishermen supplied Kivalliq Arctic Foods with 29,467 lbs of ice-caught char. The char from this fishery is of high quality and processed into different products to be sold in Nunavut, to Nunavummiut. The value of this fishery is immense said Todd Johnson of Kivalliq Arctic Foods. "This fishery provides employment for fishermen during a normally slower time of the year but it also provides nutritious, traditional food to the Nunavut marketplace."



## The Gals of KFL

Meet the dynamic duo of Annie Anavilok and Alice Keyok, from Kitikmeot Foods in Cambridge Bay! Since the age of 19, Annie (now 62) has worked for the fish plant in Cambridge Bay. The old fish plant was run by the Arctic Co-op, but became Kitikmeot Foods. Alice has been with Kitikmeot Foods since 2006. Both Annie and Alice are expert fish processors, turning the fat arctic char into beautifully packaged flash frozen whole fish, fillets, and value-added products like char cubes, pipsi, jerky, and char chips.

Annie enjoys meeting the many people who come to purchase country food, and helping with tours for guests from the cruise ships. She also enjoys working with other elders during the harvest time, and teaching younger people how to properly cut musk ox and how to fillet a fish properly. Her co-worker Alice says, "I always have fun at work!" In particular, she takes delight in harvest time when the plant is busy and she gets to work with people from town. Their enthusiasm is infectious, making the plant a joyful place to work.





## Cold Weather Harvests

When the temperatures along the Hudson Bay coast hover around minus 50, Roy Kriturdruk is out hunting and delivering fresh caribou to Kivalliq Arctic Foods. Roy harvests during the coldest months of the year. The opportunity to sell caribou, harvested under a annual quota system, provides important income earning opportunities to hunters like Roy.

## Carvers' Workshops for la Biennale di Venezia, Architecture Exhibition in Venice

Partnering with the Nunavut Arts & Crafts Association, NDC sponsored two workshops for carvers during February and March of 2014, one held in Arviat and one in Iqaluit. These workshops explored a subject rarely depicted by carvers – buildings in Nunavut. Nunavut was invited to participate in an international exhibition (the 14th International Architecture Exhibition – la Biennale di Venezia, in Venice, Italy, open through November 23, 2014). The exhibit is entitled “Arctic Adaptations: Nunavut at 15”, and features soapstone carvings of little-known but significant works of architecture in Nunavut, topographic models of all communities, and architectural models addressing innovations in housing, health, arts, recreation, and education in Nunavut. To assist the carvers in their depictions, the workshops partnered architects with skilled carvers in the creation of the displays. The Nunavut exhibit will tour Canada in 2015, dates to be announced in the fall, see [www.arcticadaptations.ca/project/](http://www.arcticadaptations.ca/project/)







## Subsidiary Operational Summary

## SUBSIDIARY OPERATIONAL SUMMARY

Operating a production and manufacturing business in Nunavut is costly; we work closely with our subsidiary companies in an effort to generate value for our economy in terms of employment, sector support and investment. Utility costs are significant; sometimes in excess of a million dollars annually for a fish processing facility. Air freight also pushes production costs significantly higher. There are many factors for market-established selling prices over which a company has little control and the challenge is clear. Overall the subsidiary companies maintain lean controllable cost structures; with the main cost challenges being simply the cost to produce and this is the reason why NDC invests \$1.5 million annually in support of its subsidiary portfolio.

At the same time, the subsidiary companies build products and services for Nunavummiut, operating in sectors where meaningful employment and income earning opportunities are frequently limited for fishermen, hunters, artisans, and crafts people; not to mention the Nunavummiut who rely on the companies for employment. Many of the Nunavummiut who produce or sell to our companies rely on income generated through the operations of the NDC subsidiaries companies. Whether home-sewers in Taloyoak, seamstresses in Arviat, or fishermen in Pangnirtung; the operation of the companies support Inuit who choose to participate in the more traditional sectors of Nunavut's economy.

Ultimately, the subsidiary companies and their local boards work hard to create value for our economy. Oversight, business planning, production planning, product costing, marketing and food safety along with ongoing monitoring and governance are just some of the areas where NDC provides hands-on support to its portfolio of companies.



### General Manager

Sherlyn Kadjuk

### Kiluk Board

Hattie Alagalik, Eva Arnalukjuak,  
Keith Collier, Lena Arviyut,  
Goretti Kakuktinniq

KILUK LTD	2014	2013
Revenues	\$ 356,200	\$ 349,800
Expenses	\$ 337,800	\$ 333,500
Surplus	\$ 18,400	\$ 16,300
Jobs Created or Maintained	5.35	4.59
NDC Subsidy Fund Contributions*	\$ 120,000	\$ 120,000
NDC Capital Fund Contributions*	\$ 10,000	\$ 22,800

*\*Subsidy and Capital Fund Contributions are included in Revenues*



### General Manager

David Ford

### Jessie Oonark Board

Bernie Tutanuak,  
Sarah Arniq, Hugh Tulurialik,  
Nathan Annanaut

JESSIE OONARK LTD	2014	2013
Revenues	\$ 314,200	\$ 342,100
Expenses	\$ 300,100	\$384,300
Surplus (Deficit)	\$ 14,100	(\$ 42,200)
Jobs Created or Maintained	4.38	6.93
NDC Subsidy Fund Contributions*	\$ 150,000	\$ 150,000
NDC Capital Fund Contributions*	\$ 10,500	\$ 2,000

*\*Subsidy and Capital Fund Contributions are included in Revenues*



## SUBSIDIARY OPERATIONAL SUMMARY



### Sales Associate

Vicky Pilakapsi

### Ivalu Board

Goretti Kakuktinniq,  
Brian Zawadski, Chris Rudd

IVALU LTD	2014	2013
Revenues	\$ 321,300	\$ 233,500
Expenses	\$ 255,900	\$ 217,400
Surplus	\$ 65,400	\$ 16,100
Jobs Created or Maintained	3.30	2.14
NDC Subsidy Fund Contributions*	\$ 7,500	\$ 15,000

*\*Subsidy and Capital Fund Contributions are included in Revenues*



### General Manager

Mona Igutsaq

### Taluq Designs Board

Elizabeth Aiyot,  
Anaoyok Alookey,  
Anginalluq Uttaq,  
Brian Zawadski

TALUQ DESIGNS LTD	2014	2013
Revenues	\$ 156,800	\$ 209,300
Expenses	\$ 115,600	\$ 191,800
Surplus	\$ 41,200	\$ 17,500
Jobs Created or Maintained	1.82	3.07
NDC Subsidy Fund Contributions*	\$ 90,000	\$ 130,000
NDC Capital Fund Contributions*	\$ 10,000	\$ 1,000

*\*Subsidy and Capital Fund Contributions are included in Revenues*



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Uqqurmiut Centre for Arts & Crafts

### General Manager

James Paris

### Uqqurmiut Arts & Crafts Board

Jacopie Maniapik,  
Geetee Maniapik, Towkie Karpik,  
Manasie Noah, Brian Zawadski,  
Leah N. Kilabuk, Ryan Oliver,  
Kendra Imrie

UQQURMIUT ARTS & CRAFTS LTD	2014	2013
Revenues	\$ 646,600	\$ 513,000
Expenses	\$ 645,200	\$ 604,200
Surplus (Deficit)	\$ 1,400	(\$ 91,200)
Jobs Created or Maintained	11.09	9.11
NDC Subsidy Fund Contributions*	\$ 237,000	\$ 190,000
NDC Capital Fund Contributions*	\$ 18,000	-

*\*Subsidy and Capital Fund Contributions are included in Revenues*



## SUBSIDIARY OPERATIONAL SUMMARY



### General Manager

Stephan Lacasse

### Kitikmeot Foods Board

Bill Lyall, Wilf Wilcox,  
Doug Crossley, Brian Zawadski,  
Louie Kamookak, Jim MacEachern

### KITIKMEOT FOODS LTD

2014

2013

Revenues	\$ 1.04 million	\$ 1.45 million
Expenses	\$ 961,900	\$ 1.08 million
Surplus	\$ 73,000	\$ 376,100
Jobs Created or Maintained	9.06	10.40
NDC Subsidy Fund Contributions*	\$ 330,000	\$ 330,000
NDC Capital Fund Contributions*	\$ 80,000	\$ 395,000

*\*Subsidy and Capital Fund Contributions are included in Revenues*



### General Manager

Todd Johnson

### Kivalliq Arctic Foods Board

Brian Zawadski, Chris Rudd,  
Jerry Ell, Jeoffery Kaludjak

### KIVALLIQ ARCTIC FOODS LTD

2014

2013

Revenues	\$ 864,100	\$ 688,300
Expenses	\$ 993,200	\$ 868,100
Deficit	(\$ 129,100)	(\$ 179,800)
Jobs Created or Maintained	11.44	12.49
NDC Subsidy Fund Contributions*	\$ 160,000	\$ 160,000
NDC Capital Fund Contributions*	\$ 65,000	-

*\*Subsidy and Capital Fund Contributions are included in Revenues*



### General Manager

Michael Neumann

### Pangnirtung Fisheries Board

Manasa Evic, Jacopie Maniapik,  
Lena Metuq, Mosesie Nowdluk,  
Adamie Veevee, Brian Zawadski,  
David Kooneloosie, Levi Evic,  
Sakiasie Sowdluapik

### PANGNIRTUNG FISHERIES LTD

2014

2013

Revenues	\$ 2.9 million	\$ 4.09 million
Expenses	\$ 2.9 million	\$ 4.28 million
Deficit	-	(\$ 192,300)
Jobs Created or Maintained	27.97	42.71
NDC Subsidy Fund Contributions*	\$ 100,000	\$ 100,000
NDC Capital Fund Contributions*	\$ 104,000	\$ 157,300

*\*Subsidy and Capital Fund Contributions are included in Revenues*



### Papirug Fisheries Board

Brian Zawadski

### PAPIRUG FISHERIES LTD

2014

2013

Revenues	\$5,100	\$111,900
Expenses	\$16,250	\$27,700
Surplus (Deficit)	(\$11,150)	\$84,200
NDC Capital Fund Contributions*	\$ 5,000	\$94,900

*\*Subsidy and Capital Fund Contributions are included in Revenues*



## 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.

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

**Tukumaaq Suites Inc**

\$ 475,000

Clyde River

## Sales Division

The Sales Division acts as an important conduit for artists from across Nunavut to promote and market their creations. With a variety of direct community contacts in Nunavut, the Division sources a variety of sculpture and other items from producers across the territory. The Division maintains an established client list, regularly shipping Nunavut sculpture to customers located both in Canada and around the globe. Their proactive approach takes them to the doors of galleries and promotional events to advocate and promote

art from Nunavut. The Division works to directly promote Nunavut's Inuit artists and producers and also provides an accurate two-way flow of information from Inuit artists to producer and vice versa by providing market feedback to sector groups or individuals. Finally, the Division works to foster partnerships among sector participants in order to elevate and more effectively promote Inuit artists both locally and around the world.

**General Manager (acting)**  
**Beverley Calvert**

**Sales Associate**  
**Liliana Costa**  
**Julie Bannon**

**Shipper/Receiver**  
**John Diaz**

NDC SALES DIVISION	2014	2013
Revenues	\$ 960,000	\$ 1,380,000
Expenses	\$ 970,000	\$ 1,410,000
Annual Deficit	(\$ 10,000)	(\$ 30,000)
Jobs Created or Maintained	8.00	19.00
Core Funding - Operations*	\$ 100,000	\$ 100,000
Core Funding - Capital*	\$ 4,500	\$ 9,600

*\*(Core Funding included in revenues)*



Master weaver Olassie Akulukjuk at her loom, Pangnirtung Weaving Shop (Uqqurmiut).

angela gzowski/uphere magazine





# NDC Consolidated Financial Statements

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# Nunavut Development Corporation

## Management's Responsibility for Consolidated Financial Statements

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The accompanying consolidated financial statements of the Nunavut Development Corporation, for the year ended March 31, 2014, and all information contained in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors. The consolidated financial statements include some amounts, such as the allowance for doubtful accounts receivable, employee future benefits liabilities 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.

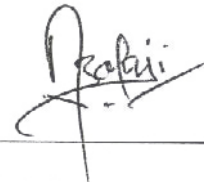
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through the Executive Committee, which is comprised of Directors who are not employees of the Corporation. 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  
24 July 2014





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 2014, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Nunavut Development Corporation as at 31 March 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of Nunavut, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Nunavut Development Corporation and its subsidiaries and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Nunavut Development Corporation and its subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Nunavut Development Corporation Act*, the *Business Corporations Act* and regulations and the by-laws of the Nunavut Development Corporation and its subsidiaries.

A handwritten signature in black ink, reading "Tammy Squires". The signature is fluid and cursive, with the first name "Tammy" and last name "Squires" clearly distinguishable.

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

24 July 2014  
Ottawa, Canada



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

	2014	2013
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 4,257,103	\$ 4,008,288
Accounts receivable (Note 4)	1,441,420	1,733,297
Inventories for resale (Note 5(a))	1,966,161	2,619,714
Portfolio investments (Note 6)	725,000	250,000
<b>Total Financial Assets</b>	<b>\$ 8,389,684</b>	<b>\$ 8,611,299</b>
<b>Liabilities</b>		
Bank overdraft (Note 7)	\$ -	\$ 7,985
Bank operating loan (Note 8)	327,809	499,139
Accounts payable and accrued liabilities (Note 9)	910,162	1,203,947
Employee future benefit liabilities (Note 10)	39,668	93,100
Lease obligations	7,465	9,603
<b>Total Liabilities</b>	<b>\$ 1,285,104</b>	<b>\$ 1,813,774</b>
<b>Net Financial Assets</b>	<b>\$ 7,104,580</b>	<b>\$ 6,797,525</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule A)	\$ 1,592,999	\$ 1,575,478
Inventories for use (Note 5(b))	751,336	776,640
Prepaid expenses	28,546	49,180
<b>Total Non-Financial Assets</b>	<b>\$ 2,372,881</b>	<b>\$ 2,401,298</b>
<b>Accumulated Surplus</b>	<b>\$ 9,477,461</b>	<b>\$ 9,198,823</b>

Contractual obligations (Note 11)

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

Approved on behalf of the Board



Nancy Karetak-Lindell  
Chairperson of the Board of Directors

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

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Revenues</b>			
Sales (Schedule B)	\$ 5,220,100	\$ 5,197,945	\$ 6,056,211
Cost recovery from non-government	-	8,588	99,631
Preference dividend on venture investment	30,000	15,625	25,882
Interest and other income	85,000	136,464	91,357
<b>Total revenues</b>	<b>\$ 5,335,100</b>	<b>\$ 5,358,622</b>	<b>\$ 6,273,081</b>
<b>Expenses</b>			
Cost of goods sold (Schedule C)	\$ 4,949,454	\$ 5,105,357	\$ 6,935,200
Selling and administration (Schedule D)	3,681,575	3,453,549	3,434,637
<b>Total expenses</b>	<b>\$ 8,631,029</b>	<b>\$ 8,558,906</b>	<b>\$ 10,369,837</b>
<b>Deficit before Government contributions</b>	<b>(3,295,929)</b>	<b>(3,200,284)</b>	<b>(4,096,756)</b>
<b>Government contributions (Note 12)</b>	<b>\$ 3,538,000</b>	<b>\$ 3,478,922</b>	<b>\$ 3,660,538</b>
<b>Surplus (deficit) for the year</b>	<b>242,071</b>	<b>278,638</b>	<b>(436,218)</b>
<b>Accumulated surplus, beginning of the year</b>	<b>9,198,823</b>	<b>9,198,823</b>	<b>9,635,041</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 9,440,894</b>	<b>\$ 9,477,461</b>	<b>\$ 9,198,823</b>

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



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

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Surplus (deficit) for the year</b>	\$ 242,071	\$ 278,638	\$ (436,218)
<b>Tangible capital assets (Schedule A)</b>			
Additions	\$ (257,000)	\$ (333,749)	\$ (779,248)
Amortization	308,500	308,318	280,782
Disposals	-	7,910	-
	\$ 51,500	\$ (17,521)	\$ (498,466)
Additions of inventories for use	\$ -	\$ (1,223,369)	\$ (1,797,466)
Usage of inventories for use	-	1,248,673	1,913,781
Change due to prepaid expenses	-	20,634	(20,037)
	\$ -	\$ 45,938	\$ 96,278
<b>Change in net financial assets</b>	\$ 293,571	\$ 307,055	\$ (838,406)
<b>Net financial assets, beginning of the year</b>	6,797,525	6,797,525	7,635,931
<b>Net financial assets, end of the year</b>	\$ 7,091,096	\$ 7,104,580	\$ 6,797,525

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**

	2014	2013
<b>Cash provided by (used for) operating activities</b>		
Sale of goods	\$ 5,088,338	\$ 7,171,250
Government of Nunavut Contributions and other	4,529,563	4,439,130
Dividends received	15,625	25,882
Interest received	44,426	35,011
Paid to suppliers	(4,231,410)	(3,604,622)
Paid to employees	(3,017,124)	(3,140,302)
Interest paid	(16,410)	(41,116)
Other operations and project expenses	(1,187,129)	(3,715,848)
<b>Cash provided by operating activities</b>	<b>1,225,879</b>	<b>1,169,385</b>
<b>Cash used for financing activities</b>		
Bank operating loan obtained (repaid) (Note 8)	(171,330)	(221,933)
<b>Cash used for financing activities</b>	<b>(171,330)</b>	<b>(221,933)</b>
<b>Cash provided by (used for) investing activities</b>		
Venture equity investment	(475,000)	(300,000)
Redemption of venture equity investment	-	300,000
<b>Cash used for investing activities</b>	<b>(475,000)</b>	<b>-</b>
<b>Cash provided by (used for) capital activities</b>		
Tangible capital asset acquisitions	(333,749)	(779,248)
Tangible capital asset disposals	11,000	-
<b>Cash used for capital activities</b>	<b>(322,749)</b>	<b>(779,248)</b>
<b>Increase in cash and cash equivalents</b>	<b>256,800</b>	<b>168,204</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>4,000,303</b>	<b>3,832,099</b>
<b>Cash and cash equivalents - end of the year</b>	<b>4,257,103</b>	<b>4,000,303</b>
<b>Represented by:</b>		
Cash and cash equivalents (Note 3)	4,257,103	4,008,288
Less: Bank overdraft (Note 7)	-	(7,985)
	<b>\$ 4,257,103</b>	<b>\$ 4,000,303</b>

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, 2014

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## 1. Authority and operations

### (a) Authority

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

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

### (b) Operations

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

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

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

### (c) Government contributions

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

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

**(d) 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 2013-14 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. The following is a summary of significant accounting policies:

**(a) 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 on a line-by-line basis into these consolidated financial statements.

The non-controlling interests in Pangnirtung Fisheries Ltd., Papirug 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, 2014 are \$3,037,748 (March 31, 2013 - \$3,055,792).

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

Subsidiary Investment	Location	Ownership %	Date Incorporated
<b>Meat &amp; Fish</b>			
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
Papirug Fisheries Ltd. (formerly 933261 NWT Ltd.)	Whale Cove	51%	February 1, 1993
<b>Arts &amp; Crafts</b>			
Ivalu Ltd.	Rankin Inlet	100%	October 2, 1992
Jessie Oonark Ltd.	Baker Lake	100%	September 25, 1991
Kiluk Ltd.	Arviat	100%	April 3, 1996
Taluq Designs Ltd.	Taloyoak	51%	April 12, 1995
Uqqurmiut Arts & Crafts (1993) Ltd.	Pangnirtung	51%	March 1, 1994

**(b) Use of estimates and measurement uncertainty**

The preparation of consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements



of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, the management believes the estimates and assumptions to be reasonable.

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

#### (c) 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.

#### (d) Accounts receivable

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

#### (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.

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

#### (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 useful life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering the Corporation's services. Tangible capital assets are recorded at cost 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 benefit 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. 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. There is no obligation for employees to make contributions. In 2014, the Corporation's contributions were \$38,072 (2013 - \$43,027). These contributions represent the total obligation of the Corporation and are recognized in the Consolidated Statement of Operations and Accumulated Surplus on a current basis.

#### (j) Government contributions

Transfers are recognized as revenue when the funding is authorized and any eligibility criteria are met except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Funding is recognized as deferred revenue when funding stipulations give rise to a liability. Funding revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

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.

#### (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 the transactions or events that give rise to the revenues have occurred.

Specific revenue accounting policies are as follows:

Revenue from sale of arts & craft, meat & fish, and fishermen's supplies is recognized at the time of sale of inventoried goods when cash or credit considerations have been received from the customer and there is a high expectation of collection.

Interest revenue is recognized when it is earned.



**(m) Sales - Royalty**

As per the partnership agreement entered between Pangnirtung Fisheries Ltd. (PFL) and Cumberland Sound Fisheries Ltd. (CSFL), CSFL is the manager of the Partnership's quotas that are held or that may be jointly awarded to PFL and CSFL as a result of their combined submission to the Nunavut Wildlife Management Board for Nunavut shrimp (outside of the Nunavut settlement area) and turbot allocations for 2013-2017. CSFL is responsible for the harvest of such quotas. CSFL and PFL will share Net Partnership Revenue equally. Net Partnership Revenue is calculated as the total turbot/shrimp royalty received by the Partnership for the sale of its turbot/shrimp quotas, less any quota related fees along with any other quota related fees that may be mutually agreed to by the partners.

**(n) Sales - Supplies**

Pangnirtung Fisheries Ltd. (PFL), a subsidiary of the Corporation which operates a fish processing plant in Pangnirtung also procures and sells fishermen's supplies as part of its activities to support community living.

**(o) 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.

**(p) 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. Contractual obligations are accrued when the terms of those contracts or agreements are met. 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 (2013 - Nil).

**(q) 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 when the Corporation 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 (2013 - Nil).

**(r) 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, 2014:

Financial Assets	Measurement Basis
Cash and cash equivalents	Cost
Accounts receivable	Cost
Portfolio investments	Cost

Financial Liabilities	Measurement Basis
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 that has been written-down or written-off is not reversed following a subsequent increase in value. The carrying amounts of financial instruments approximate fair value.

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

#### (s) Segmented information

For segmented disclosure reporting purposes, summary information has been provided using the categorization of subsidiaries in Note 2(a).

### 3. Cash and cash equivalents

	Mar 31, 2014	Mar 31, 2013
Cash held by the		
Parent company	\$ 3,396,237	\$ 3,096,116
Subsidiaries	360,866	312,172
Short-term deposits	500,000	600,000
	<u>\$ 4,257,103</u>	<u>\$ 4,008,288</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 1.75% to 2.00% (2013 - 2.25% to 2.50%) per annum on the daily average of the daily closing credit balances. Net investment income of \$45,352 (2013 - \$35,472) is included in interest and other income.

As at March 31, 2014, 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 \$500,000 (2013 - \$600,000) bearing an interest rate of 0.75% (2013 - 0.55% to 1.25%) per annum and maturing in fiscal 2014-2015.

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

	Mar 31, 2014	Mar 31, 2013
Capital fund	\$ 323,624	\$ 375,813
Capital reserve fund	402,688	397,489
Subsidy fund	189,000	189,000
Venture investment fund	1,358,127	1,517,002
Venture reserve fund	72,500	25,000
Total Fund Balances	<u>\$ 2,345,939</u>	<u>\$ 2,504,304</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

	Mar 31, 2014	Mar 31, 2013
From related parties		
Government of Nunavut	\$ 103,888	\$ 165,692
Cumberland Sound Fisheries	53,212	309,914
Ikaluktutiak Co-op	7,034	10,633
Uqqurmiut Inuit Artists Association	3,574	4,604
	167,708	490,843
From others	1,358,756	1,350,317
Total Accounts Receivable	1,526,464	1,841,160
Less: Allowance for doubtful accounts	(85,044)	(107,863)
Net Accounts Receivable	\$ 1,441,420	\$ 1,733,297

There were no write-offs of receivables in 2014 (2013 - Nil).

## 5. Inventories

### (a) For resale

	Mar 31, 2014	Mar 31, 2013
Finished Goods		
Arts & Craft	\$ 1,702,780	\$ 2,076,578
Meat & Fish	263,381	543,136
	\$ 1,966,161	\$ 2,619,714

During the year, inventories of \$3,809 (2013 - \$24,142) were written off or marked down.

### (b) For use

	Mar 31, 2014	Mar 31, 2013
Raw materials and work-in-process		
Arts & Craft	\$ 181,389	\$ 167,619
Meat & Fish	398,451	406,947
	\$ 579,840	\$ 574,566
Packaging supplies		
Arts & Craft	\$ 5,644	\$ 11,164
Meat & Fish	165,852	190,910
	\$ 171,496	\$ 202,074
Total inventories for use	\$ 751,336	\$ 776,640

## 6. Portfolio investments

	Mar 31, 2014	Mar 31, 2013
Preferred Shares	\$ 725,000	\$ 250,000

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. The shares are redeemable in March 2015.

The Corporation is also a registered holder of 475 Class A non-voting preferred shares in Tukumaaq Inc. The rights of these shares are governed by a Unanimous Shareholders Agreement and a Share Subscription Agreement between Tukumaaq Inc., Ilsaqsivik Society and the Corporation. The Corporation is entitled to receive a fixed cumulative preferential distribution of 6.5% per annum. The Class A Preferred Distribution amount shall accrue daily, compound annually and be payable in arrears by Tukumaaq Inc. to the Corporation annually. The investment is accounted for using the cost method. The shares are redeemable in March 2019.

## 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.

	Mar 31, 2014	Mar 31, 2013
Uqqurmiut Arts and Craft Ltd	\$ -	\$ 1,946
Jessie Oonark	-	6,039
Total	\$ -	\$ 7,985

## 8. Bank operating loan

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

	Mar 31, 2014	Mar 31, 2013
Pangnirtung Fisheries Ltd.	\$ 327,809	\$ 499,139

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.

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, 2014 (2013 - 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, 2014 (2013 - Nil).



## 9. Accounts payable and accrued liabilities

	Mar 31, 2014	Mar 31, 2013
To related parties		
Cumberland Sound Fisheries	\$ 83,956	\$161,648
Petroleum Products Division	70,219	81,818
Qulliq Energy Corporation	54,831	87,054
Government of Nunavut	51,891	20,116
Uqqurmiut Inuit Artists Association	25,781	25,781
Nunavut Arctic College	-	1,557
	<u>\$ 286,678</u>	<u>\$ 377,974</u>
To others		
Accounts payable	\$ 258,179	\$369,105
Accrued liabilities and payroll deductions	252,256	350,910
Vacation pay and lieu time	113,049	105,958
	<u>\$ 623,484</u>	<u>\$ 825,973</u>
Total accounts payable and accrued liabilities	<u><u>\$ 910,162</u></u>	<u><u>\$ 1,203,947</u></u>

## 10. Employee future benefit liabilities

	Mar 31, 2014	Mar 31, 2013
Severance	<u><u>\$ 39,668</u></u>	<u><u>\$ 93,100</u></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:

2015	\$ 167,208
2016	167,412
2017	167,412
2018	109,108
2019 and beyond	80,132
	<u><u>\$ 691,272</u></u>

## 12. Government contributions

	2014	2013
Subsidy payments from Government of Nunavut:		
- for operating purposes	\$ 2,750,000	\$ 2,580,000
- for capital purposes	260,000	260,000
- for venture equity	348,000	348,000
	<b>3,358,000</b>	<b>3,188,000</b>
Other contributions from Government of Nunavut:		
- Contributions from GN, Dept. of Environment o Pangnirtung Fisheries Ltd.	-	411,544
- Other direct contributions to Subsidiaries	120,922	60,994
	<b>\$ 3,478,922</b>	<b>\$ 3,660,538</b>

## 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(a), 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:

	2014	2013
(a) Sales		
Government of Nunavut	\$ 24,993	\$ 12,309
Non-controlling interests	59,924	62,082
	<b>\$ 84,917</b>	<b>\$ 74,391</b>
(b) Purchases		
Non-controlling interests	<b>\$ 14,583</b>	<b>\$ 3,437</b>
(c) Selling and administrative expenses		
Government of Nunavut	\$ 618,491	\$ 807,540
Non-controlling interests	79,958	73,658
	<b>\$ 698,449</b>	<b>\$ 881,198</b>
(d) Territorial subsidies paid directly to Subsidiaries		
Government of Nunavut - freight	\$ 258,453	\$ 507,129
Non-controlling interests - other	32,625	403,638
	<b>\$291,078</b>	<b>\$ 910,767</b>



## (e) Accounts receivable

Government of Nunavut	\$103,888	\$ 165,692
Non-controlling interests	63,820	325,151
	<u>\$ 167,708</u>	<u>\$ 490,843</u>

## (f) Accounts payable

Government of Nunavut	\$ 176,941	\$ 190,545
Non-controlling interests	109,737	187,429
	<u>\$ 286,678</u>	<u>\$ 377,974</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 2014, 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 their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of Nunavut. To mitigate this risk, the Corporation does regular follow-up on their accounts receivable so they are current. At March 31, 2014, the accounts receivable total \$1,441,420 (2013 - \$1,733,297), out of which \$94,470 are 31-60 days old (2013 - \$183,820), \$33,035 are 61-90 days old (2013 - \$94,109) and \$488,344 are over 90 days old (2013 - \$607,920). 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:

	<b>Mar 31, 2014</b>	<b>Mar 31, 2013</b>
Balance, beginning of year	\$ 107,863	\$138,979
Decrease in allowance during the year	(22,819)	(31,116)
Balance, end of year	<u>\$85,044</u>	<u>\$107,863</u>

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.

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

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

## 15. Comparative Information

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

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

## Schedule A

2014 2013

	Buildings	Equipment	Leasehold Improvements	Office Furniture and Equipment	Computer Equipment	Automotive Equipment	Total	Total
<b>Cost of tangible capital assets</b>								
Opening balance	10,419,696	3,711,350	565,140	482,433	231,241	318,683	15,728,543	14,949,295
Additions	110,170	159,189	0	17,110	7,461	39,819	333,749	779,248
Disposals	0	-33,608	0	0	0	-8,790	-42,398	0
Closing balance	10,529,866	3,836,931	565,140	499,543	238,702	349,712	16,019,894	15,728,543
<b>Accumulated amortization</b>								
Opening balance	-9,260,399	-3,489,402	-438,934	-442,158	-225,277	-296,895	-14,153,065	-13,872,283
Amortization	-100,272	-105,267	-67,741	-13,146	-7,705	-14,187	-308,318	-280,782
Disposals	0	33,608	0	0	0	880	34,488	0
Closing balance	-9,360,671	-3,561,061	-506,675	-455,304	-232,982	-310,202	-14,426,895	-14,153,065
<b>Net book value</b>	1,169,195	275,870	58,465	44,239	5,720	39,510	1,592,999	1,575,478
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	
		2014 Actual	2013 Actual
<b>Sales</b>			
Meat & Fish		618,452	545,014
Fish		2,163,429	2,385,030
Royalty - CSFL/PFL partnership		671,935	875,120
Muskox		15,496	137,127
Arts & Craft		1,866,637	2,047,143
Supplies		116,077	412,265
Management Fee		910	8,532
Intercompany sales elimination		(254,991)	(354,020)
<b>Total</b>		<b>5,197,945</b>	<b>6,056,211</b>

## Schedule C

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

	Arts & Craft	Meat & Fish	Inter-co. elimination	2014 Actual	2013 Actual
<b>Cost of goods sold</b>					
Opening Inventory	2,255,359	1,140,994		3,396,353	3,688,259
Purchases	766,793	1,151,994		1,918,787	3,295,604
Product repair and development	8,505	-		8,505	11,589
Commission	27,184	-		27,184	144,381
Direct Labour	331,364	757,905		1,089,269	1,249,599
Utilities	115,350	527,243		642,593	792,487
Plant maintenance and repair	-	34,745		34,745	32,852
Tools and Vehicle exp.	-	43,958		43,958	44,269
Food safety & Productivity expenses	-	1,505		1,505	33,111
Freight and packaging	49,887	707,198		757,085	1,241,820
Inventory writedown/markdown	3,809	-		3,809	24,142
Closing Inventory	(1,889,813)	(827,684)		(2,717,497)	(3,396,353)
Inter-company purchases elimination	-	-	(254,991)	(254,991)	(354,018)
Plus: Amortization expenses on TCA	6,652	147,400		154,052	127,458
<b>Total</b>	<b>1,675,090</b>	<b>3,685,258</b>	<b>(254,991)</b>	<b>5,105,357</b>	<b>6,935,200</b>

**Nunavut Development Corporation**  
**Consolidated Schedule of Selling and administration expenses**  
**For the year ended March 31**

**Schedule D**

	<b>Arts &amp; Craft</b>	<b>Meat &amp; Fish</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Selling expenses</b>				
Advertising and promotion	75,302	2,997	78,299	86,487
Bad debts (recovered)	(8,615)	(10,049)	(18,664)	6,562
Board expenses	106,638	42,750	149,388	118,302
Bank charges and interest	43,883	28,600	72,483	103,854
DFO Sampling costs	-	5,900	5,900	5,600
Equipment lease	-	-	-	1,114
Freight and postage	4,150	-	4,150	6,016
Insurance	1,758	-	1,758	697
Legal fees	29,845	-	29,845	29,033
Licenses and lease	8,239	7,866	16,105	8,874
Miscellaneous	144	763	907	(25,514)
Office supplies	59,792	28,144	87,936	115,429
Outpost Camps	-	16,382	16,382	-
Professional fees	114,589	67,325	181,914	173,375
Rent	117,898	-	117,898	104,497
Repairs and maintenance	26,610	83,985	110,595	76,481
Salaries and benefits	1,428,522	647,349	2,075,871	2,142,279
Telephone and utilities	68,917	20,791	89,708	89,810
Trade shows	-	-	-	7,390
Training expenses	12,995	8,206	21,201	-
Translating	4,459	-	4,459	9,640
Travel	136,553	15,235	151,788	212,642
Vehicle expenses	-	13,086	13,086	8,745
Project expenses	68,423	19,851	88,274	-
Plus: Amortization expenses on TCA	97,967	56,299	154,266	153,324
<b>Total</b>	<b>2,398,069</b>	<b>1,055,480</b>	<b>3,453,549</b>	<b>3,434,637</b>