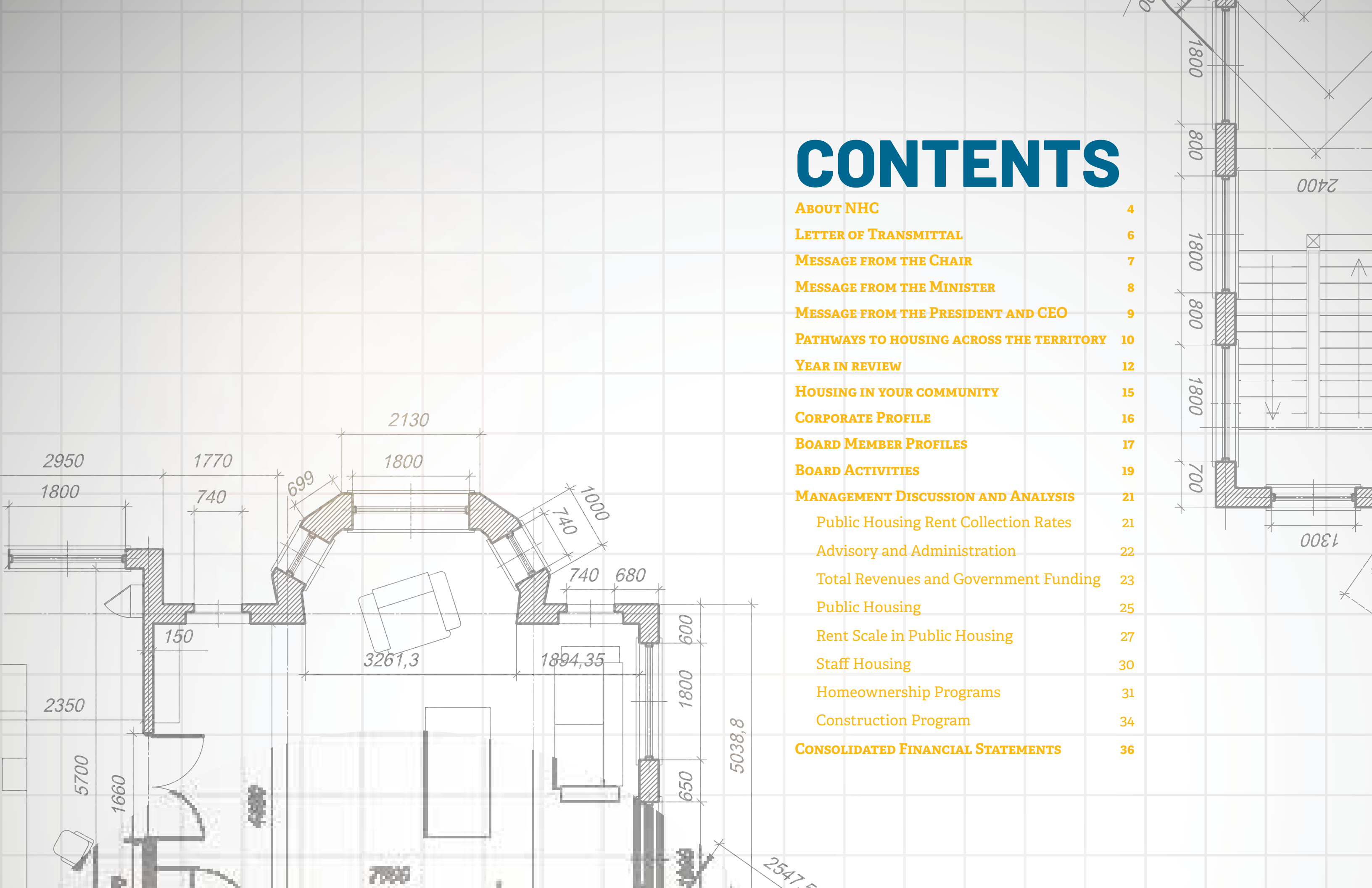


CONTENTS

ABOUT NHC	4
LETTER OF TRANSMITTAL	6
MESSAGE FROM THE CHAIR	7
MESSAGE FROM THE MINISTER	8
MESSAGE FROM THE PRESIDENT AND CEO	9
PATHWAYS TO HOUSING ACROSS THE TERRITORY	10
YEAR IN REVIEW	12
HOUSING IN YOUR COMMUNITY	15
CORPORATE PROFILE	16
BOARD MEMBER PROFILES	17
BOARD ACTIVITIES	19
MANAGEMENT DISCUSSION AND ANALYSIS	21
Public Housing Rent Collection Rates	21
Advisory and Administration	22
Total Revenues and Government Funding	23
Public Housing	25
Rent Scale in Public Housing	27
Staff Housing	30
Homeownership Programs	31
Construction Program	34
CONSOLIDATED FINANCIAL STATEMENTS	36



ABOUT NHC

OUR MANDATE

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

OUR MISSION

To provide opportunities for all residents of Nunavut to have homes that support a healthy, secure, independent and dignified lifestyle through working with our communities to allow them to assume the role of providing housing to Nunavummiut.

OUR VISION

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

OUR PRINCIPLES AND VALUES

The Nunavut Housing Corporation believes in and strives for:

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



LETTER OF TRANSMITTAL

The Honourable Eva Aariak
Commissioner
Government of Nunavut

Dear Madam

I have the honour of presenting the Annual Report for the Nunavut Housing Corporation, covering the period from April 1, 2020 to March 31, 2021.

Respectfully submitted,



Honourable Margaret Nakashuk

Minister responsible for the Nunavut Housing Corporation



MESSAGE FROM THE CHAIR

The Nunavut Housing Corporation (NHC) and the Board of Directors remain committed to ensuring Nunavummiut have access to affordable housing options.

In September 2020, the Corporation tabled the first Status of Housing Report. This report outlines the efforts taken to address the housing crisis. Spearheaded by the NHC, the report presents the whole-of-government approach to addressing the housing crisis and progress we have made so far. Addressing the housing crisis requires that we all work together. This report fills a critical role in making Nunavummiut aware of what we are doing on their behalf.

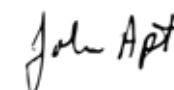
One of the many challenges we face as we embark on another year is the rising costs of construction. These rising costs have already impacted our 2021-22 construction season. NHC will be monitoring the rising cost and the impacts they have on our ability to address the housing needs of a growing population. Although there is some evidence to indicate the rising costs are temporary, we will continue to seek ways to reduce cost without compromising quality.

Furthermore, we will continue to seek additional funding to help alleviate the housing crisis.

The Board welcomes Patrick Tagoona to our ranks. He brings a wealth of experience as an entrepreneur and community organizer. He is the owner of Nunavut Investments Ltd. and president of the Kivalliq Chamber of Commerce. He has served as the president of Sakku Investments Corporation and executive director of the Kivalliq Inuit Association.

My appointment has also been renewed for a three-year term alongside George Qulaut and David Evalik. I look forward to continuing to work with the Board of Directors and NHC for another fiscal year.

Sincerely,



John Apt

Chairperson

Nunavut Housing Corporation Board of Directors

Board of Directors

Kathy Hanson, Vice Chairperson

David Evalik

George Qulaut

John Hussey

Peter Tapatai

Patrick Tagoona



MESSAGE FROM THE MINISTER

A global pandemic brings with it unprecedented challenges that the Nunavut Housing Corporation (NHC) has risen to meet.

NHC advanced capital projects with minimal delays due to Covid-19. Construction tenders for public and staff housing were significantly over budget for the 2021-22 construction season. Of the 101 public housing units NHC originally planned for construction, 70 will proceed. Public housing construction has begun in Coral Harbour, Rankin Inlet, Naujaat, Kugaaruk, Sanirajak and Pond Inlet. In addition, four staff housing units will be built in Sanikiluaq.

To fully access federal funding through the Canada Mortgage and Housing Corporation (CMHC), NHC transferred 10 staff housing units under construction, including five in Gjoa Haven and five in Kugluktuk, from staff housing to public housing units. This funding was also used to fund construction of five additional public housing units in Gjoa Haven. This allowed the Corporation to access \$4.9 million from CMHC's Rapid Housing Initiative.

NHC also successfully negotiated an agreement with CMHC to deliver the \$9 million Canada Housing Benefit through the Department of Family Services. A lack of transitional housing in Nunavut means that many Nunavummiut in need of shelter are forced to use emergency shelters, live in overcrowded conditions or are homeless. The Canada Housing Benefit funds will be used to ease this hardship by facilitating access to housing on the private market for individuals, youth or families who are experiencing vulnerability or crisis.

I am also pleased to report the Status of Housing Report was tabled in the Nunavut Legislative Assembly in September 2020. This represents the culmination of more than a decade of efforts spent studying and planning ways to combat the housing crisis. It is a major step toward developing effective approaches to ensure all Nunavummiut have a place to call home. It is an acknowledgement of the fact that the housing crisis requires a whole-of-government solution. No one organization can do it alone. We can only proceed together.

Qujannamiik,

Honourable Margaret Nakashuk

Minister responsible for the Nunavut Housing Corporation



MESSAGE FROM THE PRESIDENT AND CEO

I would like to take this opportunity to commend everyone who came together to deliver housing to Nunavummiut. Truly, we have collectively demonstrated great resilience in these trying times.

As well as continuing with maintenance and service calls and delivering programs, staff at local housing organizations across the territory delivered 50,000 bars of soap and other cleaning supplies to public housing tenants in all 25 communities.

Even against the challenges posed by a global pandemic, our work to fight the housing crisis must continue. This requires innovation, dedication and co-operation.

The Nunavut Housing Corporation takes seriously all maintenance concerns affecting the health and safety of our tenants. That is why mould remediation continued through the pandemic. In all, 28 additional units were remediated during this fiscal year in units across the territory.

As well, the Nunavut Housing Corporation teamed up with the Department of Family Services, Nunavut Arctic College and the Rankin Inlet Housing Association to renovate homes for future tenants. After having built a new unit from the ground up last year, college students set to work renovating two more units and building a new one. Students are gaining real-world skills they need to bridge the gap from education to employment. With their newfound construction and renovation skills, they will be valuable new hires for housing construction companies or local housing organizations in their home communities or across Nunavut.

We are also reaping the benefits of Low Carbon Energy Funding. It is being used to install more than 1,200 windows and 400 doors in 2020-21. Energy efficiency is key to ensuring that we can afford the operating costs on our housing units as our supply increases, as well as reducing green house gas emissions.

There are many challenges that remain. Our most recent construction season issued tenders for 70 public housing units and four staff housing units. We estimate we need to construct at least 90 public housing units per year to keep up with population growth and public housing demand. We will continue to look for ways to deliver suitable, safe and cost-effective housing solutions for Nunavummiut.

I look forward to facing these future challenges alongside the rest of the NHC team. I am confident that together we can face them together in the spirit of co-operation.

Sincerely,

Terry Audla

President and CEO

Nunavut Housing Corporation

PATHWAYS TO HOUSING ACROSS THE TERRITORY

We provide affordable housing options through three programs. They are public housing, homeownership and GN staff housing. We seek solutions through innovation and close collaboration with our partners. The Corporation continually incorporates energy-efficient technology in its housing designs. This cuts down on costs which allows us to stretch our resources. Each community manages their own housing stock through their Local Housing Organization in accordance with the Management Agreement with NHC. At the national level, we work in partnership with the Canada Mortgage and Housing Corporation to advocate for the resources we need.

PUBLIC HOUSING

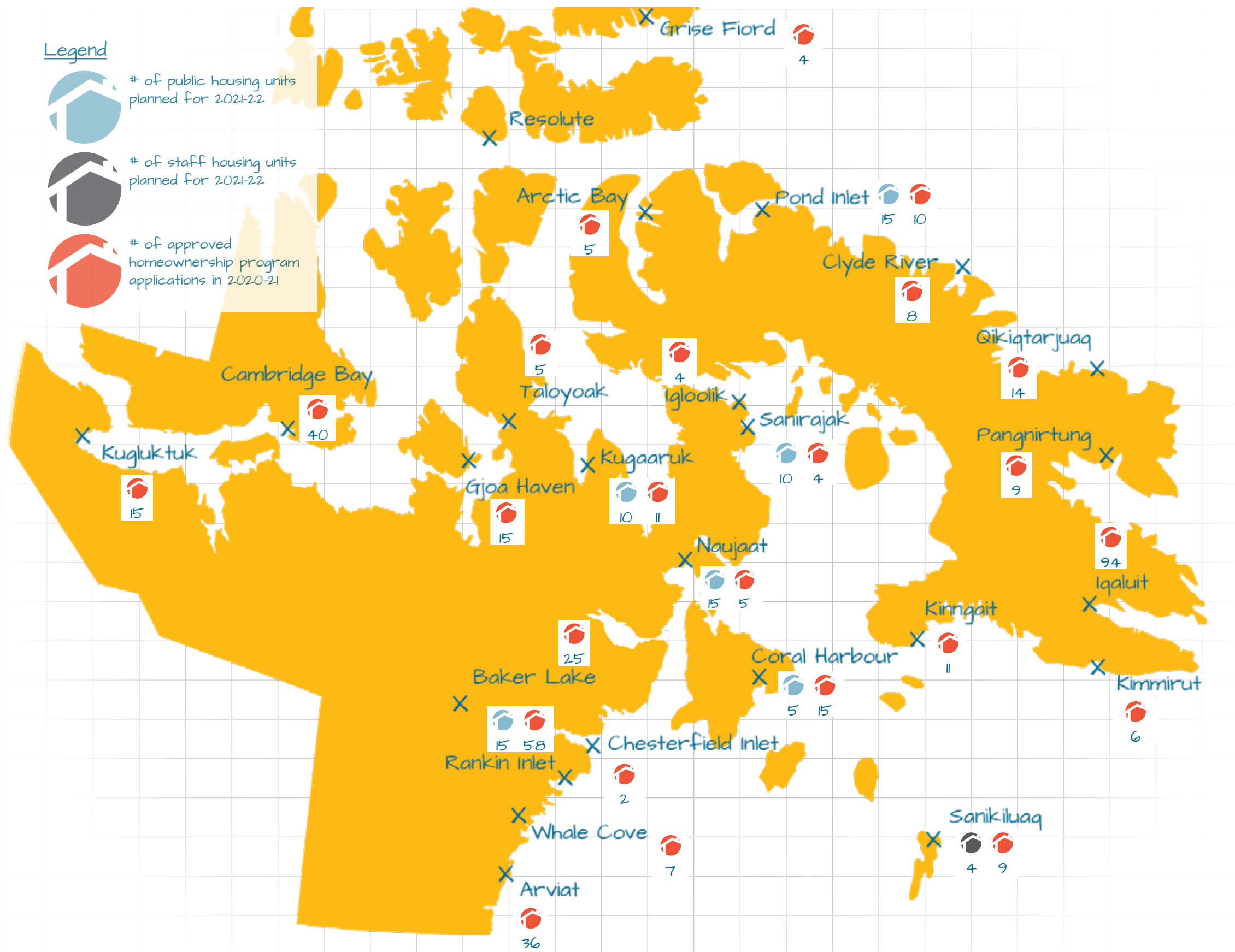
The NHC runs the Public Housing Program alongside 25 Local Housing Organizations. Each represents a Nunavut community. Together they manage 5,683 units as of March 31, 2021. They assign housing for their communities based on management agreements with NHC, informed by local knowledge and values. Their responsibilities include rental assessments, collections, maintenance, modernization and improvements. We support the LHOs by way of assistance in the areas of finance, administration, construction and repair."

STAFF HOUSING

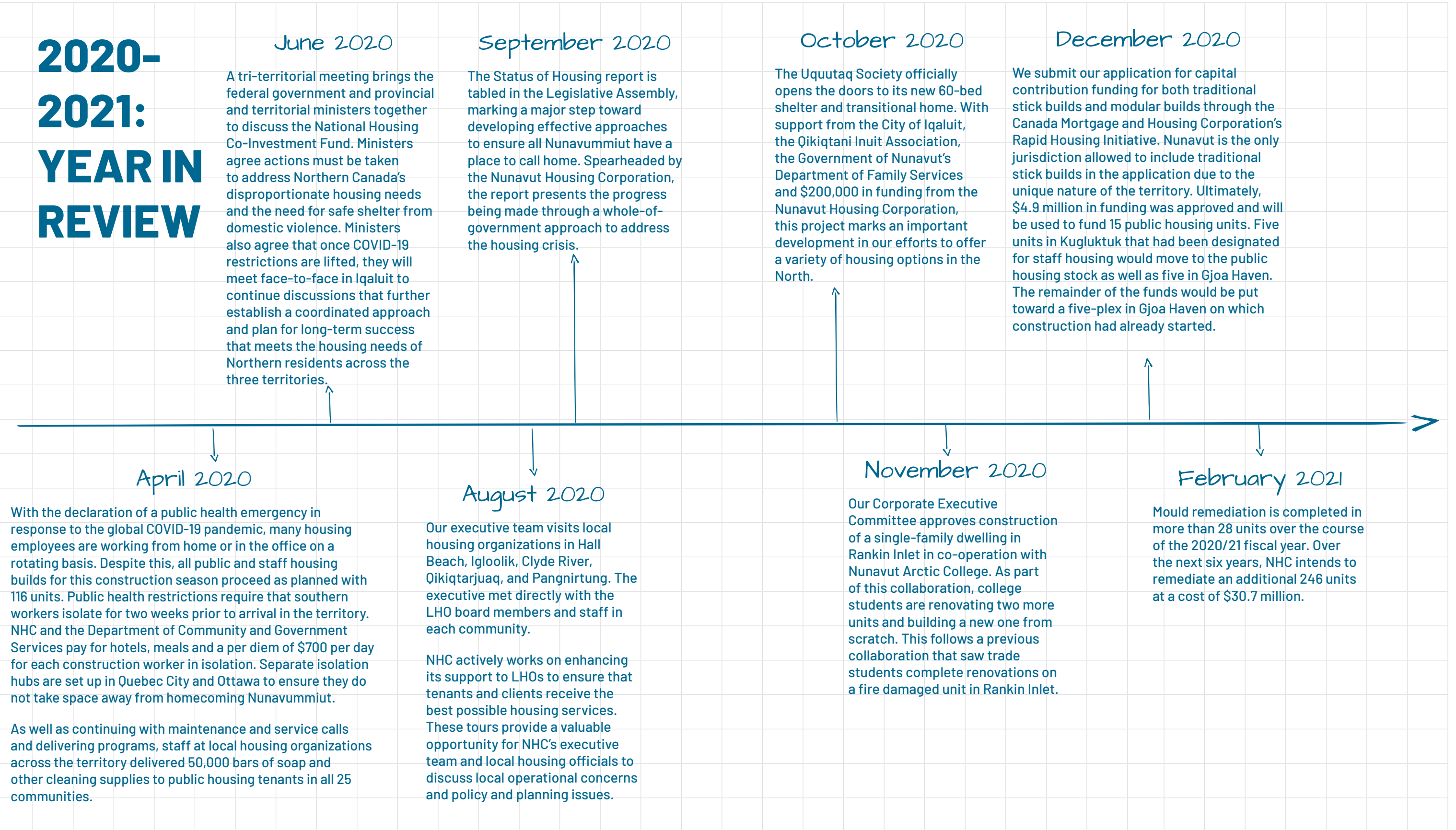
We provide policy support for the Government of Nunavut Staff Housing Program. Through this support, we enhance housing options and services to GN staff. The LHOs and other contractors maintain 1,733 staff housing units in all 25 communities.

HOMEOWNERSHIP

We help Nunavummiut purchase and maintain homes with Homeownership Programs. Among the services the program offers is funding for emergency repairs, renovations, downpayments and energy conservation. Supporting the homeownership market in the territory is an important part of the Corporation's core business. Each new homeowner reduces demand on public housing, alleviates overcrowding and develops the private market.



2020-2021: YEAR IN REVIEW



April 2020

With the declaration of a public health emergency in response to the global COVID-19 pandemic, many housing employees are working from home or in the office on a rotating basis. Despite this, all public and staff housing builds for this construction season proceed as planned with 116 units. Public health restrictions require that southern workers isolate for two weeks prior to arrival in the territory. NHC and the Department of Community and Government Services pay for hotels, meals and a per diem of \$700 per day for each construction worker in isolation. Separate isolation hubs are set up in Quebec City and Ottawa to ensure they do not take space away from homecoming Nunavummiut.

As well as continuing with maintenance and service calls and delivering programs, staff at local housing organizations across the territory delivered 50,000 bars of soap and other cleaning supplies to public housing tenants in all 25 communities.

June 2020

A tri-territorial meeting brings the federal government and provincial and territorial ministers together to discuss the National Housing Co-Investment Fund. Ministers agree actions must be taken to address Northern Canada's disproportionate housing needs and the need for safe shelter from domestic violence. Ministers also agree that once COVID-19 restrictions are lifted, they will meet face-to-face in Iqaluit to continue discussions that further establish a coordinated approach and plan for long-term success that meets the housing needs of Northern residents across the three territories.

September 2020

The Status of Housing report is tabled in the Legislative Assembly, marking a major step toward developing effective approaches to ensure all Nunavummiut have a place to call home. Spearheaded by the Nunavut Housing Corporation, the report presents the progress being made through a whole-of-government approach to address the housing crisis.

August 2020

Our executive team visits local housing organizations in Hall Beach, Igloolik, Clyde River, Qikiqtarjuaq, and Pangnirtung. The executive met directly with the LHO board members and staff in each community.

NHC actively works on enhancing its support to LHOs to ensure that tenants and clients receive the best possible housing services. These tours provide a valuable opportunity for NHC's executive team and local housing officials to discuss local operational concerns and policy and planning issues.

October 2020

The Uqutaq Society officially opens the doors to its new 60-bed shelter and transitional home. With support from the City of Iqaluit, the Qikiqtani Inuit Association, the Government of Nunavut's Department of Family Services and \$200,000 in funding from the Nunavut Housing Corporation, this project marks an important development in our efforts to offer a variety of housing options in the North.

November 2020

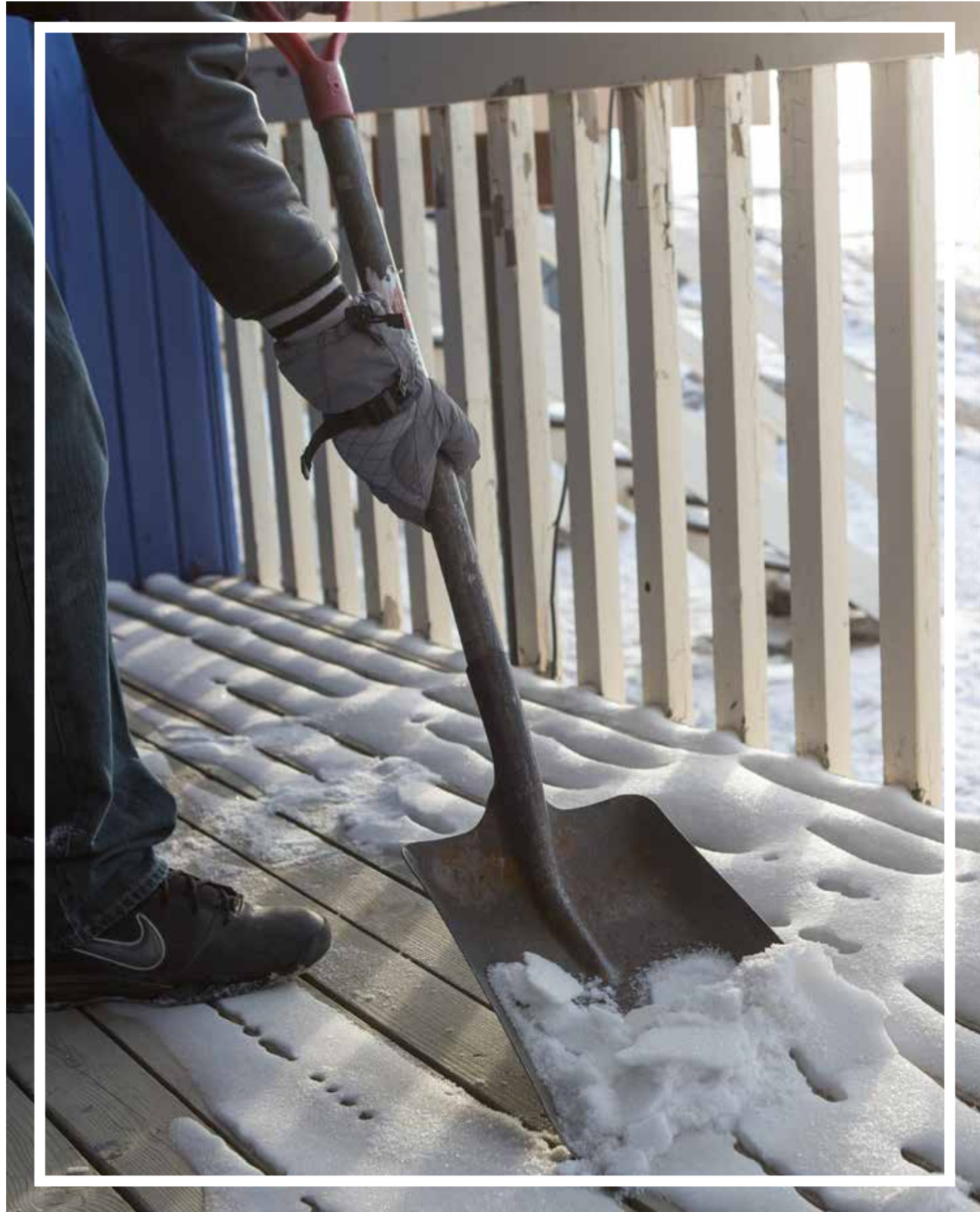
Our Corporate Executive Committee approves construction of a single-family dwelling in Rankin Inlet in co-operation with Nunavut Arctic College. As part of this collaboration, college students are renovating two more units and building a new one from scratch. This follows a previous collaboration that saw trade students complete renovations on a fire damaged unit in Rankin Inlet.

December 2020

We submit our application for capital contribution funding for both traditional stick builds and modular builds through the Canada Mortgage and Housing Corporation's Rapid Housing Initiative. Nunavut is the only jurisdiction allowed to include traditional stick builds in the application due to the unique nature of the territory. Ultimately, \$4.9 million in funding was approved and will be used to fund 15 public housing units. Five units in Kugluktuk that had been designated for staff housing would move to the public housing stock as well as five in Gjoa Haven. The remainder of the funds would be put toward a five-plex in Gjoa Haven on which construction had already started.

February 2021

Mould remediation is completed in more than 28 units over the course of the 2020/21 fiscal year. Over the next six years, NHC intends to remediate an additional 246 units at a cost of \$30.7 million.



HOUSING IN YOUR COMMUNITY

To administer the Corporation's programs, NHC's approved staff complement of 122 professional and administrative staff provide services that make the Corporation a client-focused service delivery agency. Structured around five administrative offices, this cohesive group is further supported by a network of 25 Local Housing Organizations which provide a crucial link to Nunavummiut and their communities.

DIRECTORATE AND CORPORATE HEADQUARTERS

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

The Corporate Policy and Communications group works on the development of corporate policies, strategic plans and communications related to program areas. They provide support to the Minister, the Corporate Executive and District Offices.

Corporate Headquarters co-ordinates the preparation, monitoring and reporting of corporate programs. It also provides support to the District Offices in the areas of programs, contracting, project management and technical design and maintenance.

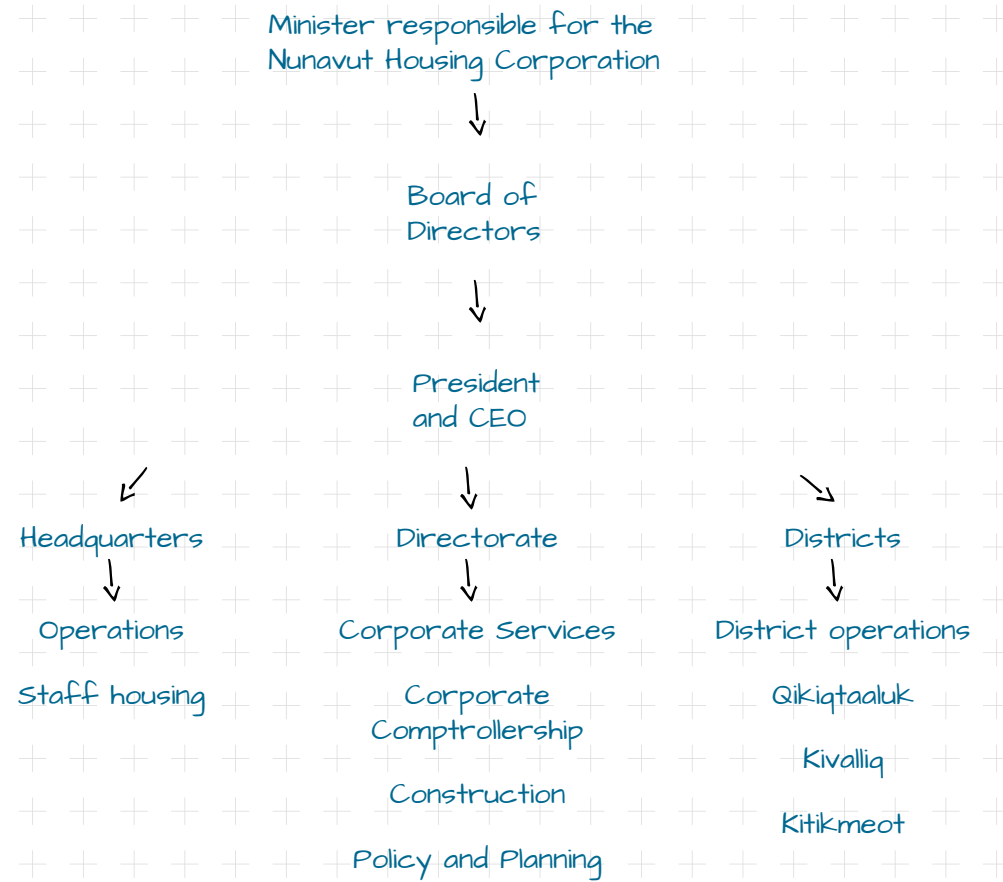
DISTRICT OFFICES

The Corporation's District Offices manage and provide support in the delivery of programs and services to the communities. District Offices set regional priorities and work with Local Housing Organizations and individual clients to ensure programs delivered are of appropriate standards through monitoring and assessment. The District Offices are responsible for monitoring the construction program in the regions. They are also responsible for the delivery of various homeownership programs and developing positive relationships with other government departments and agencies.

LOCAL HOUSING ORGANIZATIONS

The Corporation partners with LHOs at the community level, who provide most of the day-to-day services associated with program delivery to individuals and families.

Most LHOs are formed as independent organizations under the Societies Act (Housing Associations). Exceptions to this are the Baker Lake, Kinngait, Coral Harbour, Iqaluit, Kugaaruk, and Taloyoak Housing Authorities which were formed under the Nunavut Housing Corporation Act.



CORPORATE PROFILE

The Nunavut Housing Corporation (the Corporation) was created by the Nunavut Legislature through the Nunavut Housing Corporation Act (Nunavut). As a public agency of the Government of Nunavut (GN), the Corporation is at arms-length from the GN. Its operating parameters are set out in Part IX of the Financial Administration Act (Nunavut), the section of the Act specifically devoted to public agencies. The Corporation reports to the Legislative Assembly, Executive Council and Nunavummiut through its President and CEO, Board of Directors and the Minister responsible for the Nunavut Housing Corporation.

As a territorial corporation, the Nunavut Housing Corporation has the ability to:

- Enter into funding partnerships, principally with the Canada Mortgage and Housing Corporation (CMHC). This means that Nunavut's federal transfer payments are not affected by the funding that the Corporation receives.
- Carry over substantially all funds from one year to the next. This ensures that all funding designated for housing remains within the Corporation and can be committed to housing solutions.
- Take full stewardship of funds in the Capital and Operating and Maintenance budgets. This gives the Corporation full authority for the delivery of housing initiatives.

The Corporation's mandate is delivered in partnership with 25 Local Housing Organizations in Nunavut's three regions.

BOARD MEMBER PROFILES

JOHN APT, CHAIRPERSON



John Apt has been an active member of the Board of Directors since 2014 and is currently serving in the role of Chairperson. He has been a key support for NHC offering oversight as Chair for the Audit Committee as well as providing direction to NHC's senior management.

John brings many years of experience from his dedication and long service to the Office of the Auditor General of Canada. As audit principal, John was responsible for the financial audits of the Government of Nunavut and its Crown corporations prior to his retirement in 2012. He is focused on contributing in the best way possible to housing for Nunavummiut, while ensuring proper financial oversight.

KATHY HANSON, VICE-CHAIR



Kathy Hanson was born and raised in Iqaluit, with more than 30 years of work experience in a variety of roles. Her work as a Tenant Relations Officer with the Iqaluit Housing Authority as well as her volunteer work with the YWCA Women's homeless shelter brings her extensive knowledge of housing issues. Kathy has sat on a number of boards, including the Iqaluit Housing Authority, the Agvvik Women's Shelter as well as volunteer work for the Nunavut Kamatsiaqtut Help Line. Hanson lives in Iqaluit and currently works for Parks Canada as a cooperative management adviser.

She was appointed to the Board of Directors in 2015 and has been reappointed for consecutive terms. She enjoys working with NHC and for Nunavummiut through this position.

DAVID EVALIK, DIRECTOR



David Evalik moved from Perry River to Cambridge Bay in 1959 after the outpost camp closed. From 1959 to 1970, he was a student at residential schools in both Inuvik and Yellowknife, NWT. He graduated from vocational school in 1990, then moved on to apprentice in electrical trades and worked as a housing maintainer, receiving a top award in the NWT for his work. He continued to study at the Northern Alberta Institute of Technology and the Southern Alberta Institute of Technology. In later years, he trained and worked in social work and addiction programs.

In addition to serving as a member of the Board of Directors, he also serves on the Cambridge Bay Hamlet Council and is a Justice of the Peace. He retired from the role of apprenticeship training officer for the Kitikmeot Region and now enjoys playing and enjoying music, taking part in several music festivals.



GEORGE QULAUT, DIRECTOR

George Qulaut of Igloolik has served the Board of Directors since 2018 and has brought great knowledge and experience to the Nunavut Housing Corporation. He has served as an MLA, Speaker of the Legislative Assembly and has also sat on a number of boards and committees including the Qikiqtani Inuit Association, Qikiqtaaluk Corporation, Commissioner of the Nunavut Implementation Commission, hamlet of Igloolik and the Historic Sites and Monuments Board of Canada. George also served a term as Assistant Deputy Minister with the Department of Culture, Language, Elders and Youth, Government of Nunavut.



JOHN HUSSEY, DIRECTOR

Formerly from Nova Scotia, John has been a Nunavummiuq since May 2001. He has worked for the City of Iqaluit, the Hamlet of Igloolik, Pangnirtung and most recently the Hamlet of Cape Dorset now known as Kinngait.

He has a wealth of experience in municipal management and financial practices and has been involved on many boards and associations and in some cases serving in executive capacities. He has served on NHC's Board of Directors since 2019. Prior to this he served for two terms on the Iqaluit Housing Authority's board of directors.



PETER TAPATAI, DIRECTOR

Peter is the founder and president of Baker Lake-based Peter's Expediting Limited, which has been operating for more than 20 years. It is a 100 per cent Inuit-owned-and-operated business. Peter spent his life in the Kivalliq region and has seen the development of Agnico Eagle's Meadowbank Mine from its early exploration days through to production. He has worked closely on numerous regional projects, and has been a powerful advocate for the sustainable development of non-renewable resources in Nunavut and for investment in infrastructure, housing and training.

He knows the importance of housing in the development of a sustainable future in Nunavut.

Peter has received a lifetime honorary membership from the Northwest Territories and Nunavut Chamber of Mines, been named Kivalliq Business Person of the Year and has appeared before the Senate to present on the impact of mining in Nunavut.

He was awarded a Canada 150 Medal in 2017 and is the 2020 recipient of the Order of Nunavut.



PATRICK TAGOONA, DIRECTOR

Appointed to the Board in January 2021, Patrick Tagoona brings a wealth of experience as an entrepreneur and community organizer. He is the owner of Nunavut Investments Ltd. which deals with industrial and civil construction, product distribution, engineering and environmental, underground mining equipment as well as home construction and sale. He has also served as the president of the Kivalliq Chamber of Commerce, the president of Sakku Investments Corporation and executive director of the Kivalliq Inuit Association. As Sakku president, he grew the company considerably while maintaining healthy profit margins.



BOARD ACTIVITIES

Pursuant to the Nunavut Housing Corporation Act ("the Act"), the Nunavut Housing Corporation established a Board of Directors in the fall of 2011.

The Board directs the business of the Corporation and exercises overall responsibility for the stewardship over its activities. As part of its overall stewardship responsibility, the Board approves the Corporation's strategic direction and the corporate plan. It ensures that the principal risks of the Corporation have been identified and that appropriate systems to manage these risks have been implemented. The Board also ensures that the Corporation's information systems and management practices meet its needs and give the Board confidence in the integrity of the Corporation's information.

The appointment of members of the Board is set out in section 2.1 of the Act, which requires no fewer than five and not more than seven Directors. Board members are appointed by the Commissioner in Executive Council, on the recommendation of the Minister to hold office for a term of up to three years.

The Act requires that the directors collectively hold backgrounds and experience in Northern housing, public policy, finance, project management, property management and social program development, which is reflected in the current membership.

MEETINGS OF THE BOARD

In the fiscal year 2020-21, the Board held four teleconference meetings and one email meeting during which the Board passed the following 25 resolutions:

- 16 administrative resolutions
- Six financial resolutions
- Three operational resolutions

AUDIT COMMITTEE

The Audit Committee assists the Board with oversight of its financial reporting and audit, including internal controls and corporate governance. The committee provides oversight on budgeting and overall comptrollership and recommends the Corporation's budgets and financial plans to the Board for approval.

The committee reviews the audit work plans and key audit risks identified by the Office of the Auditor General of Canada. Upon completion of the external audit and before the finalization of the financial statements, the committee reviews the draft annual financial statements and related notes, the external auditor's opinion, and the appropriateness of accounting policies, including disclosures through management's discussion and analysis.

BOARD ACTIONS AND APPROVALS

John Apt was re-appointed chairperson for a term beginning February 11, 2021 and ending November 30, 2023. As of March 31, 2021, the Board consists of seven Board members and is in compliance with provisions of the Nunavut Housing Corporation Act. Two existing directors were reappointed for three-year terms beginning April 1, 2021. One director was re-appointed and another was newly appointed for a three-year term beginning December 1, 2020.

The Board undertook the following actions and approvals in fiscal year 2020-21:

- Approved the Rapid Housing Initiative funding application and agreement with the CMHC to construct 15 affordable housing units in Gjoa Haven and Kugluktuk
- Approved the Contracting and Procurement Activity Reports for fiscal years 2017-18, 2018-19 and 2019-20
- Approved the 2019-20 Annual Report and Consolidated Financial Statements of the Nunavut Housing Corporation
- Received and reviewed various financial and operational reports submitted by management.
- Approved the Annual Audit Plan presented by the Office of the Auditor General of Canada (OAG)

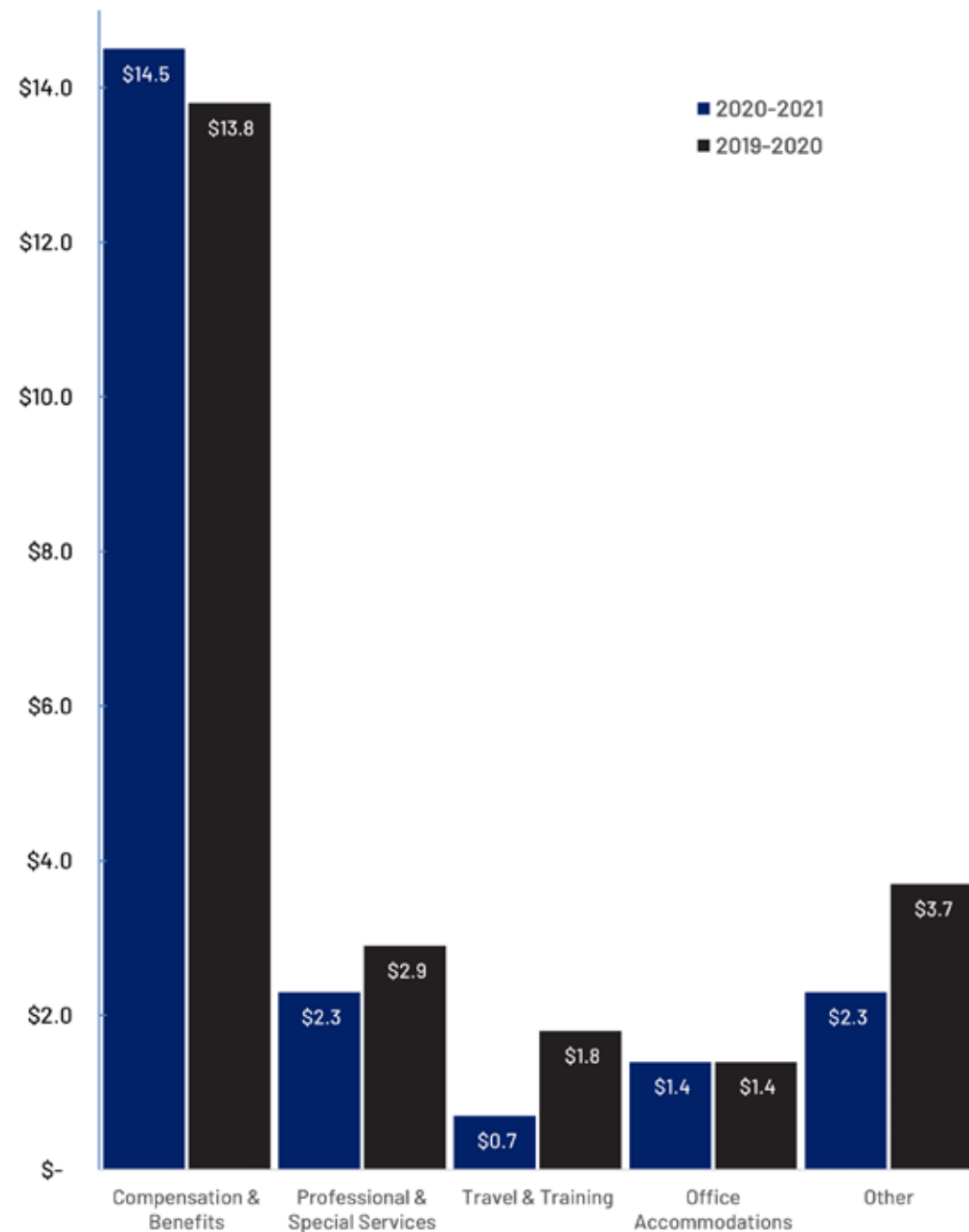
PUBLIC HOUSING RENT COLLECTION RATES

Community	Rent Receivable (\$'000)	# of Months Outstanding	2020-21 (%)	2019-20 (%)	2018-19 (%)
Arctic Bay	2,140	43	76	71	84
Cape Dorset	1,715	31	86	51	70
Clyde River	4,619	60	48	64	70
Grise Fiord	259	32	79	68	85
Igloolik	2,496	38	83	89	105
Iqaluit	1,909	20	87	64	85
Kimmirut	653	21	79	88	83
Pangnirtung	2,220	32	86	72	87
Pond Inlet	3,594	48	76	63	73
Qikiqtarjuaq	1,086	36	77	76	85
Resolute Bay	313	27	104	93	60
Sanikiluaq	1,147	30	84	82	96
Sanirajak	3,419	68	75	81	73
Total Qikiqtaaluk	25,570	39	80	73	84
Arviat	2,466	25	106	86	79
Baker Lake	2,011	23	119	94	76
Chesterfield	350	12	80	80	84
Coral Harbour	325	8	90	92	86
Rankin Inlet	1,961	14	92	86	98
Repulse Bay	515	11	120	80	85
Whale Cove	51	2	97	99	117
Total Kivalliq	7,679	16	100	87	84
Cambridge Bay	2,362	38	81	87	75
Gjoa Haven	1,940	36	103	82	79
Kugaaruk	854	23	93	84	88
Kugluktuk	1,546	29	83	85	88
Taloyoak	1,315	32	99	91	105
Total Kitikmeot	8,017	33	92	86	85
Total Nunavut	41,266	29	91	80	84

The collection rate increased to 91 per cent this year from 80 per cent in 2019-20. The number of months outstanding increased to 29 months this year from 27 months in 2019-20.

ADVISORY AND ADMINISTRATION

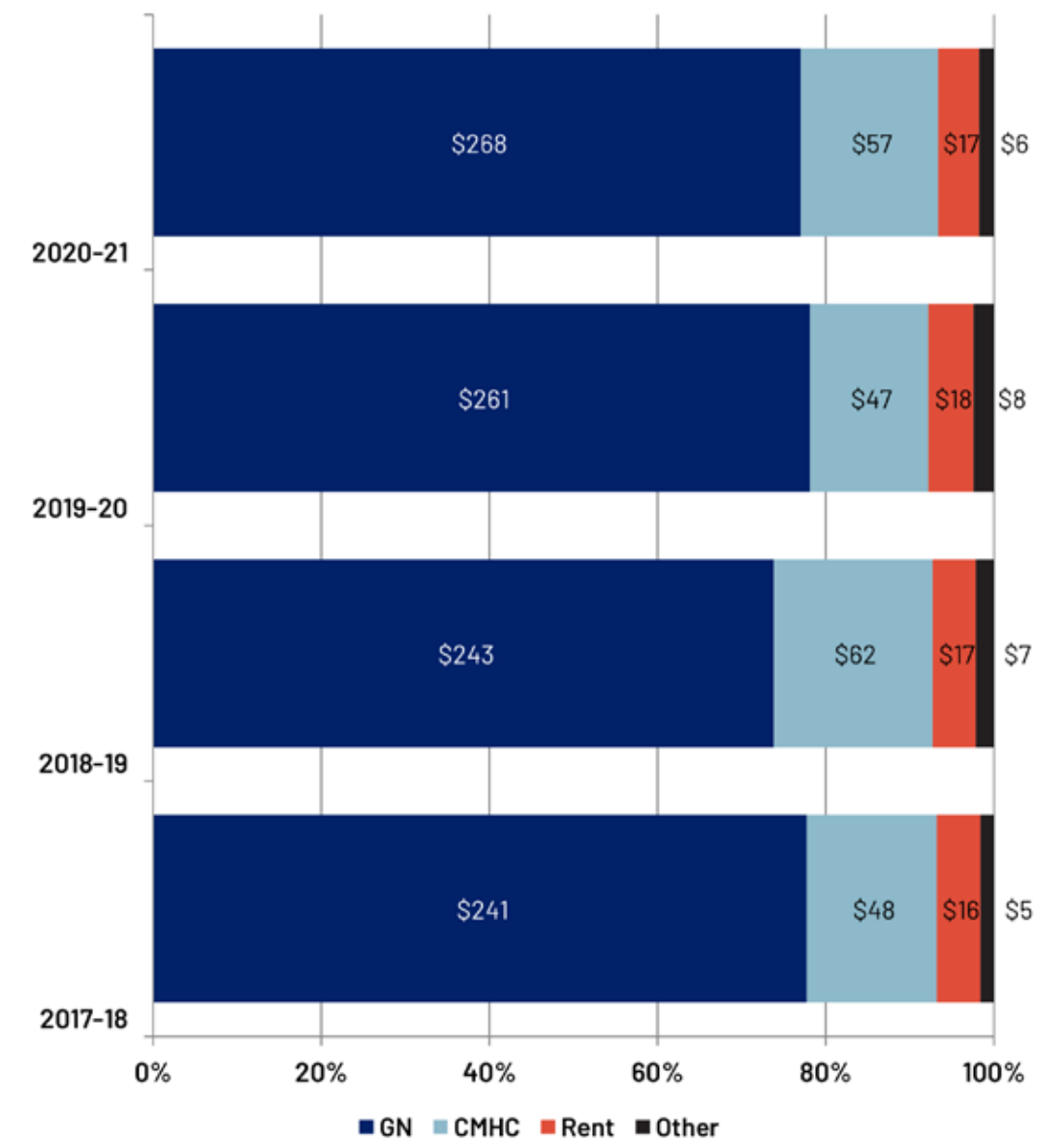
Advisory and Administration costs (not including administration related to public and staff housing) decreased slightly to \$21.2 million from \$23.6 million. Professional and special services, travel and training, as well as other expenditures decreased due to measures intended to mitigate the spread of Covid-19.



TOTAL REVENUES AND GOVERNMENT FUNDING

Total revenues increased to \$347.4 million from \$333.5 million. At \$324.7 million, transfers from the Government of Nunavut and the CMHC constitute 93 per cent of the Corporation's total revenues. CMHC revenues are in respect of capital contributions as well as operating revenues through the Social Housing Agreement as well as other CMHC housing initiatives. GN contributions have increased by 10 per cent in four years and in 2020-21 constituted 77 per cent of the Corporation's revenues.

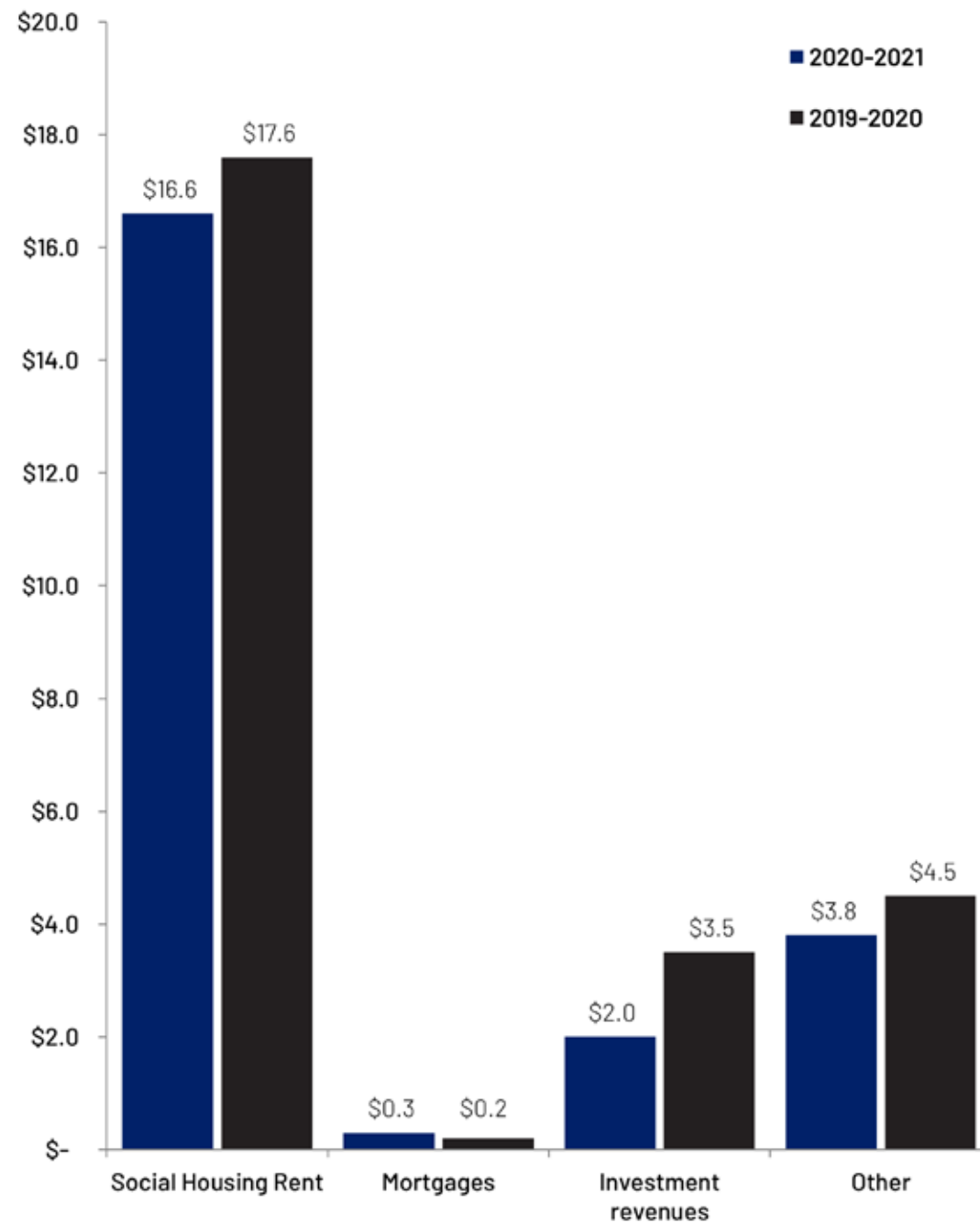
REVENUE SOURCES (\$ MILLIONS)



Generated revenues decreased to \$22.7 million from \$25.8 million. Part of this decrease is due to a \$1 million reduction in social housing rent assessments.

Investment revenue decreased by \$1.5 million due to a decrease in portfolio investments. The other non-government revenues decreased by \$0.7 million mainly as the result of a decrease in miscellaneous revenues and recoveries, a decrease in the gains on the disposal of condominiums and the sale of capital assets. Recoveries related to impaired mortgages resulted in increased non-government revenue of approximately \$69,000.

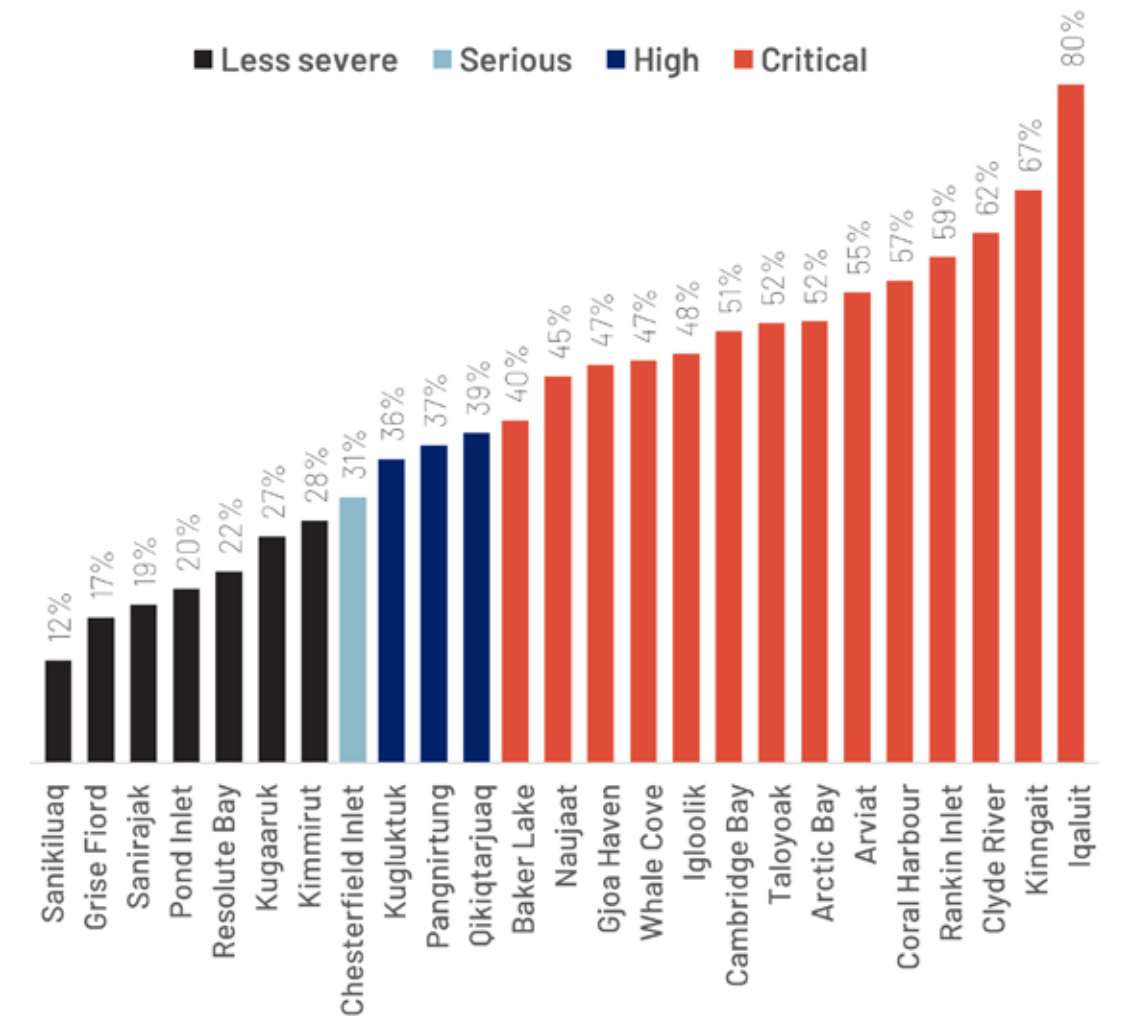
NON-GOVERNMENT REVENUES (\$ MILLIONS)



PUBLIC HOUSING

The Corporation continues to address the dire need for housing in Nunavut. The chart below shows each community's housing demand. Housing demand is measured using each community's public housing need as a percentage of its existing public housing stock. For example, if a community with a public housing waiting list of 1,000 units currently has a stock of 2,500 units, its housing need as a percentage of stock is 40 per cent (1,000/2,500). In the chart below, communities with a relative housing need above 40 per cent have the most critical need for public housing, while those below 30 per cent have a comparatively less severe need.

HOUSING NEED AS A PERCENTAGE OF STOCK



The Corporation uses housing need as a percentage of stock to prioritize new construction. Funding for these projects is provided by the Government of Nunavut through the capital budget as well as the federal government through the National Housing Strategy. Allocation of housing projects was based on each community's need as a percentage of stock. The need as a percentage of stock has been adjusted to incorporate ongoing and planned public housing builds. It is expected that, over time, continued use of relative need as a construction allocation methodology, will narrow the needs gap across all communities.



CAPITAL PROJECTS

During 2020-21, the Corporation completed the construction of 20 public housing units in Pond Inlet and Kugaaruk. In 2020-21 the Corporation spent \$61.7 million (2019-20 - \$45.0 million) on the public housing construction program.

In 2020-21, the Corporation started construction of 70 public housing units in six communities. These projects were funded from the Government of Nunavut's capital budget and CMHC's Northern Housing Strategy Agreement.

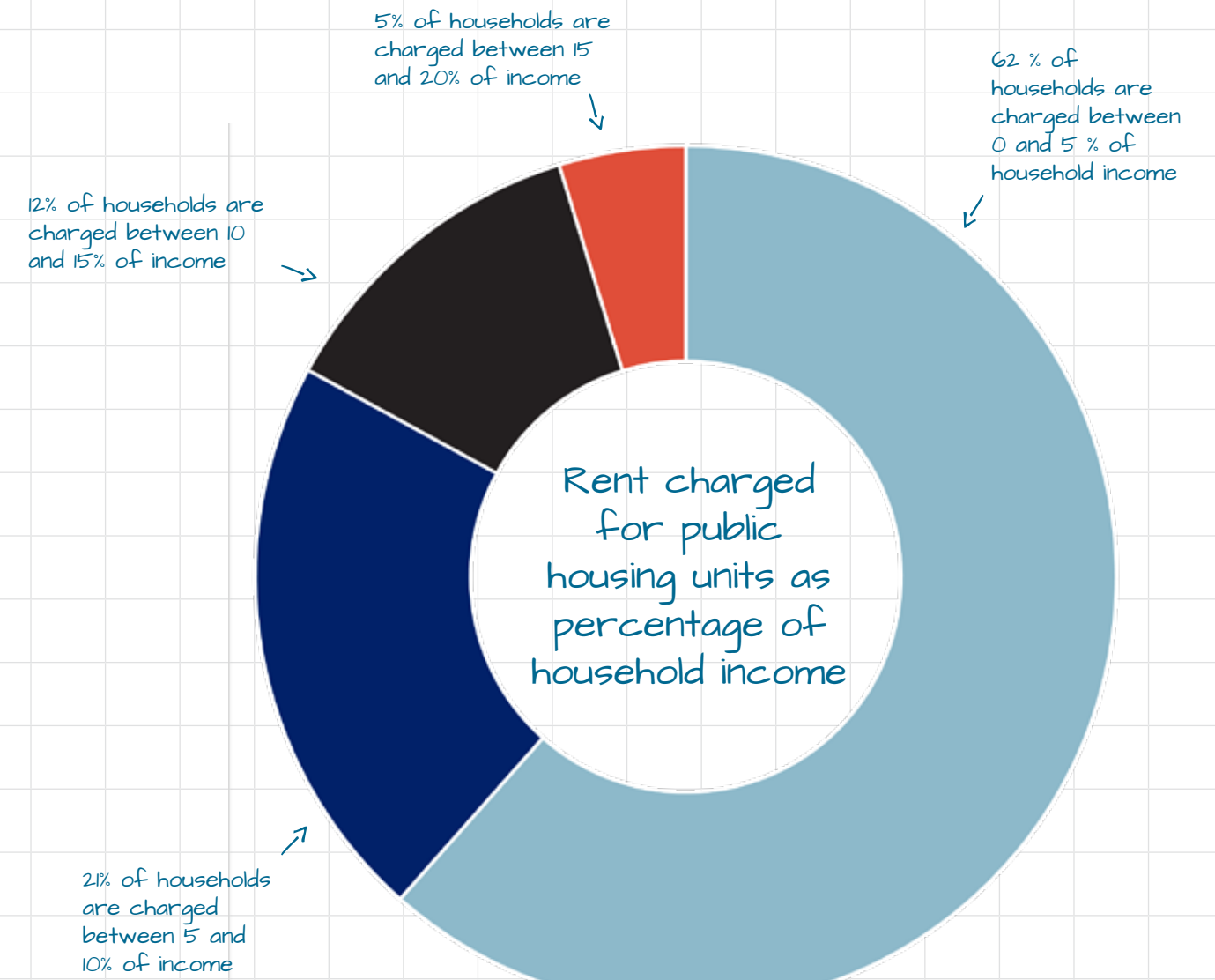
MODERNIZATION & IMPROVEMENT

The Corporation is responsible for 5,683 units in the public housing portfolio. The Modernization and Improvement Program ensures the health, safety and suitability of these units. In 2020-21, \$7.6 million (2019-20 - \$13.5 million) was spent on modernization and improvements. Funding for the program came from the Government of Nunavut and the Canada Mortgage and Housing Corporation.

RENT SCALE IN PUBLIC HOUSING

We want to charge public housing tenants an affordable rent.

- The Canada Mortgage and Housing Corporation defines an affordable rent as being less than 30 per cent of a gross household income.
- Not a single public housing household exceeds this limit
- Most households (62%) are charged less than 5% of their income.



OPERATION AND MAINTENANCE COSTS FOR PUBLIC HOUSING

RENT GEARED TO INCOME

In 2020-2021, LHOs assessed \$16.6 million in public housing rent. This amounts to only eight per cent of the cost of providing public housing. The Government of Nunavut (GN) and the Canada Mortgage and Housing Corporation provide the bulk of the funds needed to run a viable public housing program. The GN's contribution will continue to grow as more and more housing units are added to the stock.

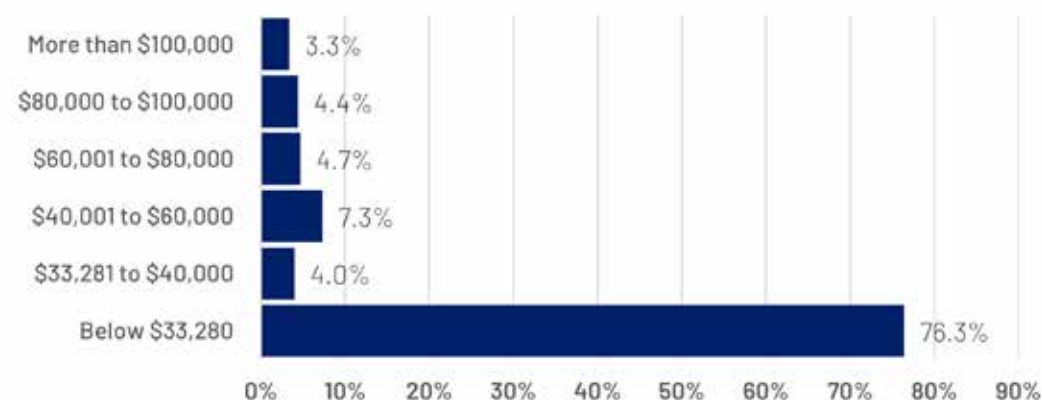
Public housing rent assessments are geared to a tenant's income, meaning the more income a tenant makes, the more rent they are likely to pay. The public housing rent scale assesses the income of the two primary tenants in each unit based on the following annual income brackets:

Below \$33,280	Up to \$60 a month
\$33,280 to \$40,000	20% of annual income
\$40,000 to \$80,000	25% of annual income
\$80,000 and above	30% of annual income

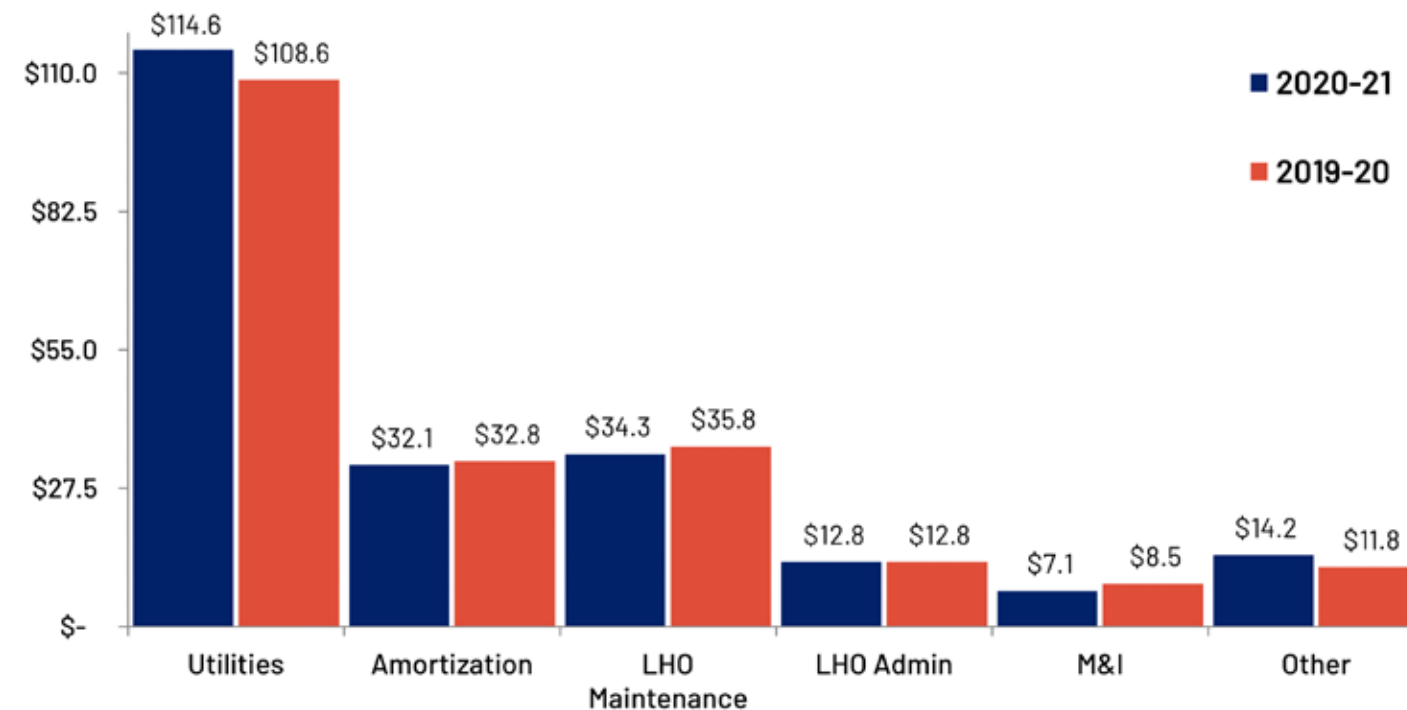
With 76 per cent of public housing tenants earning less than \$33,280 per year, the Local Housing Organizations' ability to generate revenues from rent is severely limited. The GN's contribution will continue to grow as more and more housing units are added to the stock.

The Social Housing Program is a single line on the Consolidated Statement of Operations with the details outlined in Schedule B of the audited consolidated financial statements. Public housing expenses increased to \$215.1 million in 2020-21 from \$210.3 million in 2019-20, an increase of \$4.9 million. This increase is primarily due to an increase in utilities expenses.

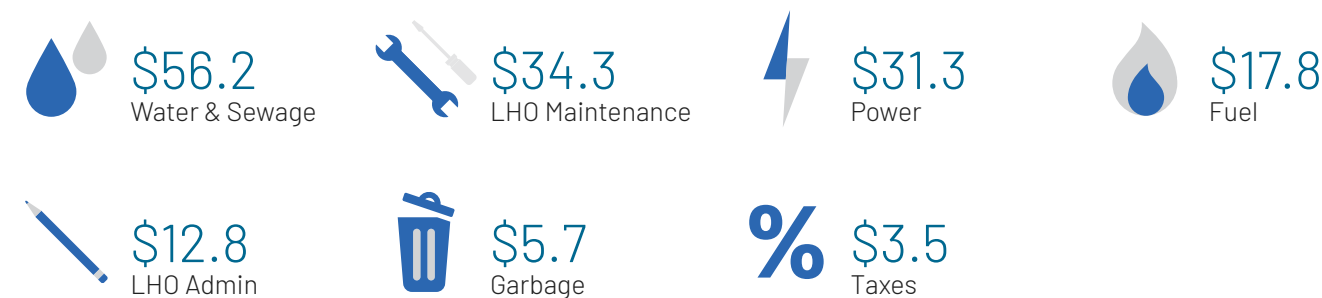
INCOME DISTRIBUTION AMONG TENANTS



EXPENSES (\$ MILLIONS)



OPERATING COSTS BREAK DOWN (IN MILLIONS):



Average Cost Per Unit (in thousands)	
Water & Sewage	\$9.9
Power	\$5.5
Fuel	\$3.2
Garbage	\$1.0
Taxes	\$0.6
Subtotal - Utilities	\$20.2
LHO Admin	\$2.3
LHO Maintenance	\$6.1
Sub-total LHO	\$8.4
Total	\$28.6

Water and sewage costs are the largest single expense for public housing. They are greater than the cost of LHO administration and maintenance combined. The annual average administration and maintenance cost is \$8,300 per unit while water and sewage costs are \$9,900 per unit per year.

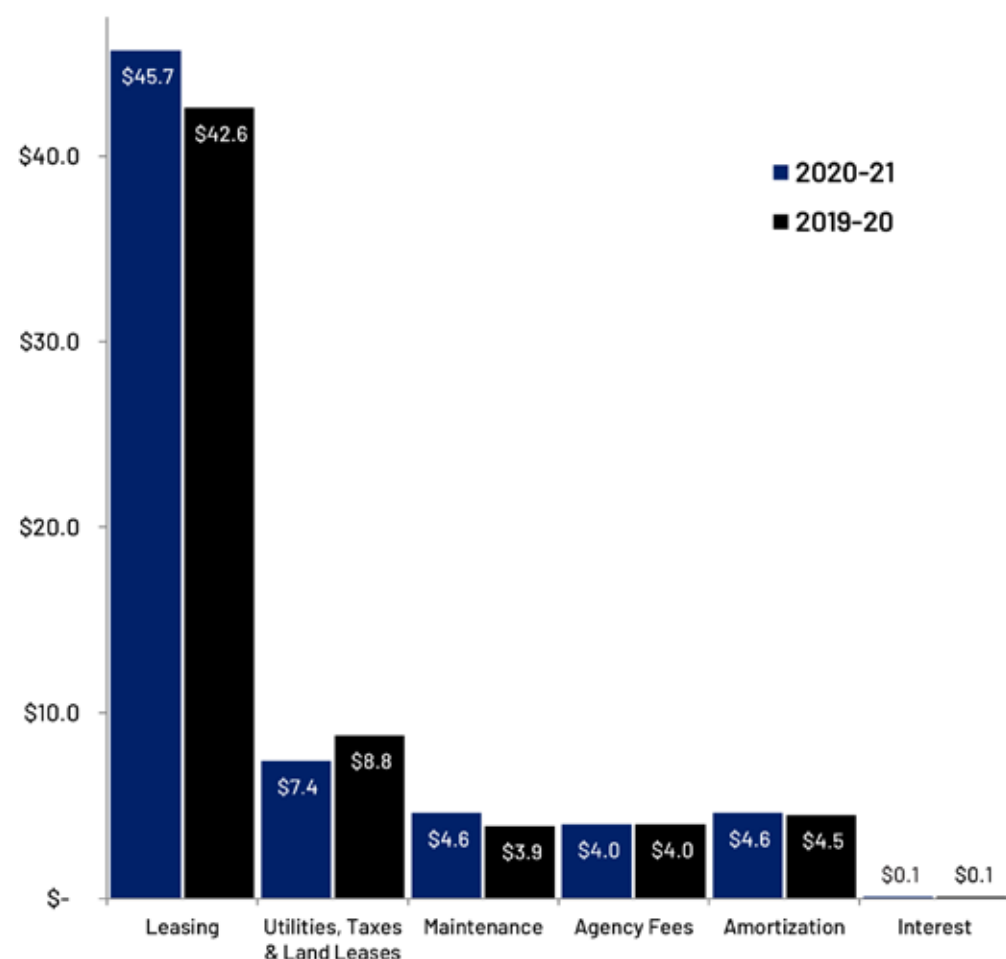
STAFF HOUSING

Through the GN Staff Housing Program, the Corporation provides subsidized rental units to the staff of the Government of Nunavut.

The inventory of 1,733 staff housing units is administered by the Corporation. Of these, 464 are owned by the Corporation while 1,269 units are leased (73 per cent of the staff housing portfolio). Over time, the Corporation will need to address the composition of this portfolio with a view toward rebalancing its assets. Steps are being taken to increase the range of housing options available to Government of Nunavut staff.

Staff housing program costs increased to \$66.4 million from \$63.9 million, an increase of \$2.5 million. This was largely driven by a \$3.1 million increase in lease rates and a \$1.4 million decrease in utilities expense. Maintenance fees increased by \$0.7 million. There is no change in agency fees and interest costs. Revenues for staff housing rents are collected and retained by the Government of Nunavut Department of Finance.

STAFF HOUSING OPERATIONS AND MAINTENANCE COSTS (\$ MILLIONS)



HOMEOWNERSHIP PROGRAMS

The NHC offers two types of homeownership programs: home purchase assistance programs, and home renovation and repair programs.

ACTIVE HOME PURCHASE PROGRAMS CURRENTLY OFFERED:

- Nunavut Downpayment Assistance Program (NDAP)
- Interim Financing Program (IFP)
- Tenant to Owner Program (TOP)
- Seniors and Persons with Disabilities Home Options Program (SPDHOP)

ACTIVE HOME RENOVATION AND REPAIR PROGRAMS CURRENTLY OFFERED:

- Home Renovation Program (HRP)
- Emergency Repair Program (ERP)
- Senior Citizens Home Repair Program (SCHRP)
- Heating Oil Tank Replacement Program (HOTRP)
- Seniors and Persons with Disabilities Preventative Maintenance Program (SPDPMP)

HOMEOWNERSHIP PROGRAM SPENDING

In 2020-21, \$4.1 million (2019-20 - \$5.0 million) was spent on Homeownership Programs. Funding for these programs came entirely from the Government of Nunavut's capital budget.

Program	Qikiqtaaluk	Kitikmeot	Kivalliq	Total Nunavut
ERP	\$442,566	\$260,542	\$610,013	\$1,313,121
HRP	\$350,930	\$296,238	\$168,513	\$815,681
HOTRP	\$249,549	\$41,978	\$72,338	\$363,865
NDAP	\$1,223,978	\$63,375	\$189,713	\$1,477,066
SCHRP	\$27,152	\$65,265	\$52,924	\$145,341
SDPPMP	\$4,848	\$9,160	\$7,952	\$21,960
Total	\$2,299,023	\$736,558	\$1,101,453	\$4,137,034

The Nunavut Downpayment Assistance Program, the Home Repair Program and the Emergency Repair programs are the most active, accounting for 67 per cent of expenditures and 65 per cent of approved applications. The Corporation approved 90 per cent (412 applications) out of a pool of 459 applications. In all, 47 applications were declined within the fiscal year.

APPROVED HOMEOWNERSHIP APPLICATIONS BY PROGRAM:

Community	ERP	HRP	HOTRP	NDAP	SCHRP	SPDPMP	TOP	IFP	SPDHOP	TOTAL
Arctic Bay	3	1	1	0	0	0	0	0	0	5
Clyde River	3	0	5	0	0	0	0	0	0	8
Grise Fiord	2	0	2	0	0	0	0	0	0	4
Igloolik	3	0	1	0	0	0	0	0	0	4
Iqaluit	19	11	17	42	1	4	0	0	0	94
Kimmirut	5	0	1	0	0	0	0	0	0	6
Kinngait	9	0	1	0	1	0	0	0	0	11
Pangnirtung	8	0	1	0	0	0	0	0	0	9
Pond Inlet	7	3	0	0	0	0	0	0	0	10
Qikiqtarjuaq	8	0	0	0	6	0	0	0	0	14
Resolute Bay	0	0	0	0	0	0	0	0	0	0
Sanikiluaq	8	0	0	0	1	0	0	0	0	9
Sanirajak	0	0	4	0	0	0	0	0	0	4
Qikiqtaaluk	75	15	33	42	9	4	0	0	0	178
Arviat	23	4	3	0	3	3	0	0	0	36
Baker Lake	17	3	2	2	1	0	0	0	0	25
Chesterfield Inlet	1	0	1	0	0	0	0	0	0	2
Coral Harbour	10	3	0	0	1	1	0	0	0	15
Rankin Inlet	36	4	7	6	4	1	0	0	0	58
Nauyasat	4	1	0	0	0	0	0	0	0	5
Whale Cove	5	1	1	0	0	0	0	0	0	7
Kivalliq	96	16	14	8	9	5	0	0	0	148
Cambridge Bay	20	8	2	3	2	5	0	0	0	40
Gjoa Haven	8	5	1	0	0	1	0	0	0	15
Kugaaruk	6	2	1	0	0	2	0	0	0	11
Kugluktuk	6	3	0	1	3	2	0	0	0	15
Taloyoak	3	2	0	0	0	0	0	0	0	5
Kitikmeot	43	20	4	4	5	10	0	0	0	86
Total Nunavut	214	51	51	54	23	19	0	0	0	412

BREAKDOWN OF APPLICATIONS BY PROGRAM:

Program	Pending & Waitlisted at March 31, 2020	New Applications	Approved Applications	Declined Applications	Pending & Waitlisted at March 31, 2021
ERP	181	222	214	12	177
HRP	218	49	51	13	203
HOTRP	68	48	51	5	59
NDAP	24	67	54	9	28
SCHRP	53	19	23	3	46
SPDPMP	27	27	19	5	30
TOP	0	0	0	0	0
IFP	0	0	0	0	0
SPDHOP	0	0	0	0	0
Total	571	432	412	47	543

HOMEOWNERSHIP PROGRAM ELIGIBILITY

Eligibility criteria for the homeownership programs includes income testing. Verification of Income (VOI) guidelines permit adjustments to gross income, including the exclusion of Vacation Travel Allowance (VTA) and other Northern costs of living allowances provided by employers in Nunavut. The adjusted household income is measured relative to a community-specific Homeownership Program Income Eligibility limit (HPIE). HPIE limits are derived from Canada Mortgage and Housing Corporation's (CMHC) Housing Income Limits (HILs). For the NHC's homeownership program, the CMHC HILs were modified to reflect actual homeownership costs across the territory. Maximum contribution amounts for HRP are set relative to household income as a percentage of the HPIE limit.

Income as % of the community HPIE Limit	Maximum Contribution Amount
0% up to 80% of HPIE	100% of funding limit
Between 80% and 85% of HPIE	80% of funding limit
Between 85% and 90% of HPIE	60% of funding limit
Between 90% and 95% of HPIE	40% of funding limit
Between 95% and 100% of HPIE	20% of funding limit
Greater than 100% of HPIE	0% of funding limit

In some communities, the lack of available local contractors has limited the NHC's ability to deliver its homeownership program. Most of the homeownership program construction projects require specific skilled labour. The expense of flying in contractors to do renovation and repair work significantly add to the overall cost of each project.

For this reason, a clause was added to the home repair and maintenance program guidelines in 2014, allowing an additional allocation to cover a portion of a contractor's mobilization costs. Funding for contractor travel is available for the HRP, ERP, SCHRP and HOTRP programs. Now, we can complete repair projects across more communities by leveraging contractors in neighbouring Hamlets. In turn, this greater level of support to Homeowners will further encourage and support the private housing market in the territory.

CONSTRUCTION PROGRAM

During the fiscal year 2020-21, the Corporation completed 10 public housing units in Kugaaruk and 10 in Pond Inlet. These projects were funded from the Government of Nunavut's capital budget and CMHC's Northern Housing Strategy Agreement.

The Corporation also completed the construction of 12 staff housing units in three communities. Construction of staff housing is funded entirely by the Government of Nunavut.

As at March 31, 2021, the Corporation had 176 public and five staff housing units under construction that were at varying levels of completion.

HOUSING UNITS COMPLETED DURING 2020-2021

Community	Building Type	Program	Number of Units
Pond Inlet	2 x 5plex	Public Housing	10
Kugaaruk	2 x 5plex	Public Housing	10
Hall Beach	1 x 2plex	Staff Housing	2
Pond Inlet	1 x 5plex	Staff Housing	5
Pangnirtung	1 x 5plex	Staff Housing	5
Total Units			32 units

HOUSING CONSTRUCTION IN PROGRESS

Community	Type	Number of Units	Percentage of Completion
Public Housing			
Arviat	5plex	5	72%
Arviat	5plex	5	70%
Arviat	5plex	5	62%
Arviat	5plex	5	54%
Cambridge Bay	5plex	5	85%
Cambridge Bay	5plex	5	75%
Gjoa Haven	5plex	5	70%
Gjoa Haven	5plex	5	70%
Igloolik	5plex	5	62%
Igloolik	5plex	5	60%
Igloolik	5plex	5	53%
Igloolik	5plex	5	49%
Gjoa Haven	5plex	5	10%
Gjoa Haven	5plex	5	10%
Hall Beach	5plex	5	23%
Hall Beach	5plex	5	13%
Iqaluit	11plex	11	51%
Iqaluit	11plex	11	48%
Iqaluit	11plex	11	40%
Iqaluit	13plex	13	36%
Kimmirut	5plex	5	0%
Kugaaruk	5plex	5	10%
Kugaaruk	5plex	5	0%
Naujaat	5plex	5	33%
Naujaat	5plex	5	33%
Naujaat	5plex	5	33%
Pond Inlet	5plex	5	9%
Pond Inlet	5plex	5	9%
Pond Inlet	5plex	5	9%
Kugluktuk	5plex	5	40%
Total Units		176 units	
Staff Housing			
Gjoa Haven	5plex	5	70%
Total Units		5 units	

NUNAVUT HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

NUNAVUT HOUSING CORPORATION
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

	Page Number
Management's Responsibility for Financial Reporting	38
Independent Auditor's Report	39
Consolidated Statement of Financial Position	43
Consolidated Statement of Operations and Accumulated Surplus	44
Consolidated Statement of Changes in Net Financial Assets	45
Consolidated Statement of Cash Flow	46
Notes to the Consolidated Financial Statements	47
Schedule A - Consolidated Schedule of Other Revenue and Recoveries	73
Schedule B - Consolidated Schedule of Expense Details by Program and Object	74
Schedule C - Consolidated Schedule of Tangible Capital Assets	75
Schedule D - Reconciliation of Main Estimates to PSAS Adjusted Budget	76

Management's Responsibility for Financial Reporting

To the Honourable Margaret Nakashuk
Minister Responsible for the Nunavut Housing Corporation
P.O. Box 1150 Iqaluit,
Nunavut X0A 0H0

Dear Ms. Nakashuk,

Re: MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the integrity and objectivity of the data in these consolidated financial statements and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to management.

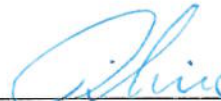
Management is responsible for developing and maintaining books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* of Nunavut, the *Nunavut Housing Corporation Act* and policies of the Corporation. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial corporation.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors meet periodically with management and external auditors. The external auditors have full and free access to the Board of Directors.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



Terry Audla
President & Chief Executive Officer



Ji Liu, MBA, CPA, CMA
Chief Financial Officer

Iqaluit, Nunavut
27 August 2021



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Nunavut Housing Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Nunavut Housing Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2021, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Nunavut Housing Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Nunavut Housing Corporation Act* and regulations, and the by-laws of the Nunavut Housing Corporation.

In our opinion, the transactions of the Nunavut Housing Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Nunavut Housing Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Nunavut Housing Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Nunavut Housing Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read "Michael Robichaud". The signature is fluid and cursive, with a large initial "M" and "R".

Michael B. Robichaud, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
27 August 2021

NUNAYUT HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(in thousands of dollars)

	2021	2020
Financial assets		
Cash	\$ 125,108	\$ 42,967
Accounts receivable (Note 4)	38,282	34,670
Condominiums held for resale (Note 5)	4,047	4,726
Portfolio investments (Note 6)	64,911	123,429
Mortgages receivable (Note 7)	1,883	2,027
Total financial assets	234,231	207,819
Liabilities		
Accounts payable and accrued liabilities (Note 8)	62,439	73,006
Capital funding advanced (Note 9)	60,703	31,023
Long-term debt (Note 10)	6,886	7,568
Capital lease obligations (Note 11)	1,172	1,603
Liability for contaminated sites (Note 12)	42	160
Employee future benefits (Note 13)	2,707	2,668
Total liabilities	133,949	116,028
Net financial assets	100,282	91,791
Non-financial assets		
Tangible capital assets (Schedule C)	777,006	746,128
Condominiums held for resale (Note 5)	7,908	7,308
Inventory for use	8,122	7,495
Prepaid expenses	119	153
Total non-financial assets	793,155	761,084
Accumulated surplus	\$ 893,437	\$ 852,875

Contingencies (Note 16)
Contractual obligations (Note 17)
Contractual rights (Note 18)

John Apt, CPA, CA
Chairperson

Terry Audla
President & Chief Executive Officer

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

NUNAVUT HOUSING CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	<u>Budget</u> 2021	<u>Actual</u> 2021	<u>Actual</u> 2020
Generated revenues			
Social housing rental revenue	\$ 17,040	\$ 16,570	\$ 17,572
Other revenue and recoveries (Schedule A)	<u>5,720</u>	<u>6,123</u>	<u>8,203</u>
Total generated revenues	<u>22,760</u>	<u>22,693</u>	<u>25,775</u>
Expenses			
Social housing program (Schedule B)	215,642	215,132	210,269
Staff housing program (Schedule B)	67,967	66,379	63,890
Corporate administration (Schedule B)	20,231	21,193	23,550
Homeownership programs	4,616	4,141	5,042
Homelessness	-	-	212
Total Expenses	<u>308,456</u>	<u>306,845</u>	<u>302,963</u>
Net results of operations before government funding	<u>(285,696)</u>	<u>(284,152)</u>	<u>(277,188)</u>
Government funding			
Transfers from Government of Nunavut (Note 3)	263,061	267,839	260,624
Transfers from Canada Mortgage and Housing Corporation (CMHC) (Note 15)	<u>43,615</u>	<u>56,875</u>	<u>47,121</u>
Total government funding	<u>306,676</u>	<u>324,714</u>	<u>307,745</u>
Surplus for the year	20,980	40,562	30,557
Accumulated surplus, opening	<u>852,875</u>	<u>852,875</u>	<u>822,318</u>
Accumulated surplus, closing	<u>\$ 873,855</u>	<u>\$ 893,437</u>	<u>\$ 852,875</u>

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

NUNAVUT HOUSING CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	<u>Budget</u> 2021	<u>Actual</u> 2021	<u>Actual</u> 2020
Surplus for the year	\$ 20,980	\$ 40,562	\$ 30,557
Tangible capital assets (Schedule C)			
Additions	(62,683)	(68,128)	(64,861)
Write-downs and disposals	-	506	564
Amortization	<u>40,526</u>	<u>36,744</u>	<u>37,287</u>
	(1,177)	9,684	3,547
Consumption of inventory for use	5,806	6,298	6,650
Purchases of inventory for use	(5,806)	(6,925)	(7,128)
Disposals of condominiums for resale	-	-	2,262
Reclassification of condominiums for resale	-	-	(705)
Additions to condominiums for resale	-	(600)	(847)
Net use of prepaid expenses	<u>-</u>	<u>34</u>	<u>71</u>
Change in net financial assets	(1,177)	8,491	3,850
Net financial assets, opening	<u>91,791</u>	<u>91,791</u>	<u>87,941</u>
Net financial assets, closing	<u>\$ 90,614</u>	<u>\$ 100,282</u>	<u>\$ 91,791</u>

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

NUNAVUT HOUSING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	<u>2021</u>	<u>2020</u>
Cash (used for)/provided by operations		
Transfers from the Government of Nunavut	\$ 230,893	\$ 220,644
Transfers from CMHC	18,082	16,630
Rent collections	14,716	14,622
Miscellaneous revenues and recoveries	6,813	7,199
Homelessness	-	(212)
Homeownership grants and contributions	(5,114)	(4,395)
Administration	(19,580)	(19,868)
Staff housing	(63,684)	(58,571)
Contributions for social housing	<u>(188,883)</u>	<u>(161,674)</u>
Cash (used for)/provided by operations	<u>(6,757)</u>	<u>14,375</u>
Cash provided by/(used for) capital activities		
Funding from Government of Nunavut	69,688	37,759
Funding from CMHC	29,217	25,843
Proceeds from disposals of tangible capital assets	160	-
Tangible capital asset acquisitions	<u>(68,514)</u>	<u>(64,550)</u>
Cash provided by/(used for) capital activities	<u>30,551</u>	<u>(948)</u>
Cash used for financing activities		
Principal payments on capital lease	(431)	(407)
Principal payments on long-term debt	<u>(682)</u>	<u>(802)</u>
Cash used for financing activities	<u>(1,113)</u>	<u>(1,209)</u>
Cash provided by investing activities		
Investments redeemed	142,659	105,170
Investments acquired	(84,206)	(94,516)
Proceeds from sales of condominiums	750	2,499
Acquisition of condominiums for resale	(600)	(848)
Recovery of homeowner's assistance	524	392
Mortgage payments received	<u>333</u>	<u>363</u>
Cash provided by investing activities	<u>59,460</u>	<u>13,060</u>
Increase in cash	82,141	25,278
Cash, opening	<u>42,967</u>	<u>17,689</u>
Cash, closing	<u>\$ 125,108</u>	<u>\$ 42,967</u>

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

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

1. PURPOSE OF THE ORGANIZATION

The Nunavut Housing Corporation (the Corporation), established under the *Nunavut Housing Corporation Act* (the Act), is a territorial corporation as defined under the *Financial Administration Act* of Nunavut. The Corporation is exempt from the *Income Tax Act* (Canada).

The Corporation is committed to working in partnership with communities and to providing opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage social and staff housing programs in the Nunavut Territory.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB). The following is a summary of the significant accounting policies.

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and the accounts of 25 controlled Local Housing Organizations (LHOs). These can be in the form of Housing Associations or Housing Authorities.

The following LHOs comprise the reporting entity represented by these consolidated financial statements. All of the organizations have March 31 year ends.

Arctic Bay Housing Association	Qammaq (Sanikiluaq) Housing Association
Arviat Housing Association	Qikiqtarjuaq Housing Association
Cambridge Bay Housing Association	Rankin Inlet Housing Association
Chesterfield Inlet Housing Association	Repulse Bay Housing Association
Clyde River Housing Association	Resolute Bay Housing Association
Grise Fiord Housing Association	Tasiurqtit (Whale Cove) Housing Association
Hall Beach Housing Association	
Igloolik Housing Association	Baker Lake Housing Authority
Kikitak (Gjoa Haven) Housing Association	Cape Dorset Housing Authority
Kimmirut Housing Association	Coral Harbour Housing Authority
Kugluktuk Housing Association	Iqaluit Housing Authority
Pangnirtung Housing Association	Kugaaruk Housing Authority
Pond Inlet Housing Association	Taloyoak Housing Authority

All entities included in the reporting entity are fully consolidated on a line-by-line basis. Significant transactions and balances between consolidated entities are eliminated.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation (continued)

The Corporation's relationship with the various Local Housing Organizations is as a "partner" in the delivery of social housing, as provided under individual management agreements. The LHOs complete Modernization & Improvement projects on various social housing units, as approved by the Corporation.

(b) Contributions of social housing

Housing units owned or leased by the Corporation are operated by local housing associations and authorities under agreements. The Corporation provides subsidy assistance to various non-profit housing sponsor groups and cooperatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

(c) Revenue recognition

Government transfers are recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. The funding used is reported on the Consolidated Statement of Operations and Accumulated Surplus as government funding.

Social housing rental revenue is recognized on an accrual basis. An allowance is established for any amounts deemed not recoverable. The Corporation does not hold long term leases with any of its social housing tenants. Social housing leases are on a month-to-month basis.

(d) Cash and cash equivalents

Cash is comprised of bank account balances, net of outstanding cheques. Cash equivalents consist of highly liquid investments with initial maturities of up to 3 months held for the purpose of meeting short term operating cash commitments rather than for investment purposes.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Assets held for sale

An asset held for sale is recognized as a financial asset when all of the following criteria are met:

- i) prior to the date of the financial statements the Corporation commits to selling the asset;
- ii) the asset is publicly seen to be for sale;
- iii) there is an active market for the asset;
- iv) there is a plan in place for selling the asset; and
- v) the Corporation reasonably anticipates sale of the asset to an external purchaser within one year of the financial statement date.

When an asset intended for resale is being developed for sale it is classified as a non-financial asset. Assets held for resale are valued at cost less any valuation allowance to reflect its net recoverable value and not amortized. Cost includes amounts for improvements to prepare the assets for sale.

(f) Portfolio investments

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 investment income. Interest income is recorded on the accrual basis.

(g) Tangible capital and leased assets

Tangible capital assets are recorded at cost less accumulated amortization. Land is recorded at cost. Mobile equipment includes transportation type vehicles. Amortization is provided using the following methods and annual rates:

Office furniture, equipment and mobile equipment	Declining balance 20%
Warehouses and offices	Declining balance 5%
Social housing, staff housing and lease to purchase housing	Declining balance 5%
Equity land leases and assets under capital leases	Straight-line basis over lease term
Leasehold improvements	Straight-line basis over the lesser of the lease term or useful life

Equity land leases are land that is owned by the municipalities which NHC leases the right to use for a period of 30 years.

Social and staff housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is calculated using the effective interest method and is included in interest on long term debt.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Tangible capital and leased assets (continued)

Buildings transferred to the Corporation from CMHC or by the Government of Nunavut, are initially recognized at their respective fair value when transferred. Construction in progress includes amounts, such as building materials, which may be transferred to social housing, staff housing, or offices and warehouses and are carried at cost. For construction in progress, amortization begins in the year the building is completed and transferred into one of the depreciable asset categories and is taken for the full year.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are recorded as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Write-downs are not reversed following a subsequent increase in the asset's estimated value. Unrecorded potential impairment is discussed in Note 20.

(h) Mortgages receivable

(i) Mortgages subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the Consolidated Statement of Operations and Accumulated Surplus in the year the mortgage is approved and are reported as a homeownership programs expense.

Accordingly, the mortgages receivable balance is measured at amortized cost, net of the mortgage subsidies and an allowance for impairment.

Subsequent changes to the amount of the subsidy provided, resulting from changes in income of the mortgagee, are recognized as a revenue or expense in the year the changes occur.

(ii) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the carrying value of mortgages specifically identified as impaired to their net recoverable value. Management has determined that a recoverable value of zero to all impaired mortgages is appropriate as there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of the timely collection of the principal or interest. Impaired mortgages would be restored to performing status only when payments have been received for those amounts in arrears, and there is reasonable assurance of full and timely collection of principal and interest.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Mortgages receivable (continued)

(ii) Allowance for impaired mortgages (continued)

These restored mortgages are accounted for as recovery of the provision for impaired mortgages on the Consolidated Statement of Operations and Accumulated Surplus.

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

(iii) Write-off of impaired mortgages

Under provisions of the *Financial Administration Act* of Nunavut, the outstanding principal and interest on a loan can be approved for write-off by the Corporation's Board of Directors if the total outstanding on a loan is \$20,000 or less; or by the Legislative Assembly of Nunavut if the total amount outstanding on a loan is over \$20,000.

Mortgages are secured with the corresponding property and Management recommends the write-off of a loan only after all means of collecting the loan have been exhausted.

(iv) Quit claims

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title back to the Corporation for a nominal fee. The amortized cost of quit claim units included in housing are determined to be the original purchase price less amortization from the original purchase date to the date the quit claim occurred.

(i) Mortgage interest revenue

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

(j) Pension plans

(i) Public service pension plan

Eligible employees of the Corporation are covered by the Public Service Pension (the Plan), a defined benefit plan established through federal legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover the current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when the employees have rendered service.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Pension plans (continued)

(i) Public service pension plan (continued)

Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Quebec Pension Plan benefits and they are indexed to inflation.

(ii) Northern Employee Benefits Services (NEBS) pension plan

All eligible employees of the LHOs are covered by the Northern Employee Benefits Services Pension Plan (NEBS), a multi-employer contributory defined benefit plan. NEBS is a member owned, not-for profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the North.

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

The NEBS Plan is governed by the *Northern Employee Benefits Service Pension Plan Act* (in force since October 1, 2015) (the Act) and a plan text document maintained by the administrator of the NEBS Plan. Both the Act and the NEBS Plan text provide that participating employers are liable for their share of any funding shortfalls in the NEBS Plan as determined on a going concern basis, and on plan wind up. The Act and the NEBS Plan text provide that any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so.

Pursuant to the Act, the NEBS Plan is exempt from compliance with the *Pension Benefits Standards Act, 1985* (PBSA) and is not required to be funded on a solvency basis.

(k) Employee future benefits

(i) Severance for resignation and retirement

Under the conditions of employment, eligible employees may earn benefits upon resignation or retirement. The Corporation provides severance and retirement benefits to eligible employees based on years of service and final salary. The benefits are paid upon resignation, retirement or death of an employee. The estimated liability and related expenses for these benefits are recorded as employees earn them.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee future benefits (continued)

(i) Severance for resignation and retirement (continued)

Employee benefits for employees of the Corporation are based on an actuarial valuation of the cost of these benefits using data provided by the Government of Nunavut and assumptions based on their best estimates using the projected benefits method prorated on services rendered.

Employee future benefits for employees of LHOs are valued based on management estimates and have not been actuarially valued.

(ii) Sick leave

Included in employee future benefits is an amount for employees of the Corporation who are permitted to accumulate sick leave. Such entitlements do not vest and can be used only in the event of illness.

Sick leave benefits for employees of the Corporation correspond to the amount of accumulated sick leave entitlements which are expected to be used in future years as determined by an actuarial valuation using data provided by the Government of Nunavut and assumptions based on their best estimates using the projected benefits method prorated on services rendered.

Sick leave benefits for employees of the LHOs correspond to the amount of accumulated sick leave entitlements which are expected to be used in future years as based on management's best estimate of its discount rate, employee demographics and sick leave usage of active employees and have not been actuarially valued.

(l) Measurement uncertainty

The preparation of consolidated financial statements requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, expenses and disclosures of contingent liabilities reported in the consolidated financial statements. By their nature, these estimates and assumptions 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.

Where actual results differ from these estimates and assumptions, the impact will be recorded in periods in which the actual results become known.

The more significant management estimates and assumptions include those related to employee future benefits, the estimated useful lives of tangible capital assets, the impairment of tangible capital assets, portfolio investments and inventory as well as the allowance for doubtful accounts related to accounts receivable and mortgage receivables.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Related Party Transactions

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. When transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where the costs of goods or services provided are recovered, they are measured at the exchange amount. All other inter-entity transactions are recorded on a gross basis and are measured at the carrying amount as recorded in the accounts of the provider.

The Corporation is related in terms of common ownership, to all Government of Nunavut created departments, agencies and Territorial corporations.

The Government provides certain administrative contributions and services, such as payroll processing services, human resources support, information technology support, office accommodations and employee benefits, without charge to the Corporation. Administrative contributions and services provided by the Government are measured at the exchange amount, which is a fixed amount of consideration established and agreed to by the related parties under a Contribution Agreement and are recorded in the related account balances.

Services provided without charge by the Government are measured at the carrying amount and are reported in the related account balances on a gross basis.

Other related party transactions

Other related parties are key management personnel (President, Chief Financial Officer, Chief Operating Officer, Senior Directors, Board of Directors), as well as close family members of key management personnel and entities that are controlled by key management personnel or their close family members.

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount and are in the normal course of business completed under normal trade terms.

(n) Audit services provided without charge

Audit services are provided by the Office of the Auditor General of Canada 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) Inventory for use

Inventory for use consists mainly of materials required to maintain public housing units. The inventory is valued using the first in, first out method at cost. Impairments arise as a result of obsolescence or unusability, and when recognized, result in a write-down to net realizable value and are recorded as an expense within the Consolidated Statement of Operations and Accumulated Surplus.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of the contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee.

(q) Homeownership program grants

The Corporation, under section 44(1) of its Act, may make a home ownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. Grants provided to homeowners vary in amount depending on the limits of the various home ownership programs and the income of the recipients and are only expected to be repaid if certain conditions are not met. Grants are expensed in the year expenditures are approved and any recoveries of conditional grants are recognized in the year the amount is recovered from the recipient.

(r) Financial instruments

The following is a list of the Corporation's financial instruments and their related measurement bases as at March 31, 2021.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Portfolio investments	Amortized cost
Mortgages receivable	Amortized Cost
Financial Liabilities	Measurement Basis
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains and Losses has been excluded.

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.

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.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Budget figures

Budgeted figures have been derived from the Main Estimates approved by the Board of Directors and tabled before the legislature. The Main Estimates are then re-stated to reflect the public sector accounting standards presentation in the corporate plan which is approved by the Corporation's Board of Directors. See Schedule B for further disclosure of budget figures by program and object and Schedule D for a reconciliation of main estimates to the reported budget.

(t) Contingencies

Contingent liabilities may result from financial guarantees, contaminated sites and pending lawsuits. 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 the costs can be reasonably estimated, an estimated liability is accrued. If the likelihood of a future event that would confirm the Corporation's responsibility is not determinable, or if it is not determinable if future economic benefits will be given up, or if an amount cannot be reasonably estimated, then a contingent liability is disclosed in the notes to the consolidated financial statements and no liability is accrued.

(u) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the Corporation is directly responsible or accepts responsibility;
- iv) it is expected that future economic benefits will be given up; and
- v) a reasonable estimate of the amount can be made.

The liability reflects the Corporation's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

The liability is recorded net of any expected recoveries and includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. Estimates are based on the assumption that all remediation occurs within one year.

If the likelihood of the Corporation's responsibility is not determinable or an amount cannot reasonably be estimated, a contingent liability is disclosed in the notes to the consolidated financial statements.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Future changes in accounting standards

A number of new and amended standards issued by the Public Sector Accounting Board of Canada are not yet effective and have not been applied in preparing these consolidated financial statements. The Corporation plans to adopt these new and amended standards on their effective dates and is currently assessing the impact they will have on its consolidated financial statements. The following standards will become effective as follows:

PS 3280 Asset Retirement Obligations (effective April 1, 2022), replaces PS 3270, with revised guidance on accounting for, and presentation and disclosure of, asset retirement obligations.

PS 3400 Revenue (effective April 1, 2023), a new section establishing standards on how to account for and report on revenue, differentiating between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

PsG-8 Intangible Assets (effective April 1, 2023), explains the scope of intangible assets now allowed to be recognized in financial statements given a concurrent removal of the recognition prohibition relating to purchased intangibles in Section PS 1000 - Financial Statement Concepts.

3. TRANSFERS FROM GOVERNMENT OF NUNAVUT

	<u>2021</u>	<u>2020</u>
Operating and maintenance contributions	\$ 219,627	\$ 213,248
Capital contributions	44,378	47,376
Pandemic related funding	3,834	-
	<u>\$ 267,839</u>	<u>\$ 260,624</u>

The Corporation receives funding for operating and capital purposes from the Government of Nunavut. In addition, for 2021, the Government of Nunavut provided assistance to the Corporation for additional costs paid when its contractors needed to quarantine in accordance with Nunavut Public Health Emergency measures.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

4. ACCOUNTS RECEIVABLE

	2021	2020
Receivable from related parties		
Government of Nunavut departments	\$ 4,102	\$ 1,278
Qulliq Energy Corporation	21	36
Petroleum Products Revolving Fund	1	24
	4,124	1,338
Other receivables		
Tenant accounts receivable	41,266	39,011
Canada Mortgage and Housing Corporation (CMHC)	27,850	26,386
Trade and other accounts receivable	6,393	6,673
Direct financing lease receivable	171	200
	79,804	73,608
Less: Allowance for doubtful accounts (Note 14(a))	(41,522)	(38,938)
	\$ 38,282	\$ 34,670

5. CONDOMINIUMS HELD FOR RESALE

In 2016-17 the Corporation acquired 62 residential units in Iqaluit with the intention of selling the units to Government of Nunavut staff through the Staff Condominium program. In 2017-18 two of the units were added to the Staff Housing portfolio and work was undertaken to make the remaining 60 units available for sale as condominiums. The Corporation advertised its intent to sell the condominiums to Government of Nunavut staff, held an information session and sought applications from prospective buyers. Expected sales were delayed due to obstacles in establishing a condominium corporation. Prior to the end of the year, 13 of the units were sold and 16 of the units were occupied by prospective purchasers with sales pending. Pending sales are expected to be completed during the 2021-22 fiscal year and the related value is classified as a financial asset. The value of the remaining 31 units have been classified as non-financial assets as their sale may not be completed prior to the end of 2022-23.

6. PORTFOLIO INVESTMENTS

Portfolio investments include the following:

	2021 Term to Maturity	2021 Carrying Value	2020 Carrying Value
Provincial government notes and bonds	Within 1 year	\$ -	\$ 8,094
Various banker's acceptances	Within 5 years	64,911	115,335
		\$ 64,911	\$ 123,429

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

6. PORTFOLIO INVESTMENTS (continued)

The market value of the portfolio investments at March 31, 2021 was \$89,776 (2020 - \$123,405), with an average yield in 2021 of 1.50% (2020 - 2.16%).

7. MORTGAGES RECEIVABLE

	<u>2021</u>	<u>2020</u>
Mortgages bearing interest at rates varying between 2.00% and 11.25% (2020 - 2.00% and 11.25%) per annum, repayable over a maximum period of 25 years	\$ 8,966	\$ 9,410
Less: Subsidy amount by the Corporation	(4,129)	(4,255)
Less: Allowance for impairment	<u>(2,954)</u>	<u>(3,128)</u>
	<u>\$ 1,883</u>	<u>\$ 2,027</u>

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable based on the conditions specific to each program. If the conditions are not met, the grants are repayable to the Corporation. The conditional grants of \$3,755 as at March 31, 2021 (2020 - \$4,620) were expensed on the Consolidated Statement of Operations and Accumulated Surplus during the year.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Accounts payable and accrued liabilities from related parties		
Qulliq Energy Corporation	\$ 10,899	\$ 15,620
Petroleum Products Revolving Fund	10,699	14,769
Government of Nunavut Departments	<u>5,605</u>	<u>5,110</u>
	27,203	35,499
Other payables		
Trade payable	30,181	32,734
Accrued wages and employee benefits	3,814	3,610
Security deposits	1,121	1,032
Accrued interest payable	<u>120</u>	<u>131</u>
	<u>\$ 62,439</u>	<u>\$ 73,006</u>

9. CAPITAL FUNDING ADVANCED

In 2017, CMHC entered into an Investments in Affordable Housing (IAH) program supplementary agreement with the Corporation for additional funding of \$84,126 over two years through the Social Infrastructure Fund (SIF) agreement. In 2019, this agreement was extended to provide an additional \$24,000 over one year through the Northern Funding Agreement. As of March 31, 2021, \$108,126 (2020 - \$108,126) had been provided to the Corporation, of which nil (2020 - nil) is receivable at year-end.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

9. CAPITAL FUNDING ADVANCED (continued)

These funds are to be used for specific projects agreed upon between CMHC and the Corporation for new housing development as well as renovation of existing properties and are repayable to CMHC in the event that the funds are not spent as agreed to.

In 2020, CMHC entered into a Bilateral Agreement Under the 2017 National Housing Strategy (NHS) with the Corporation for additional funding of \$265,618 over nine years. Funding received through the agreement is targeted to increasing the supply of social housing, preserving existing social housing through repairs and renovations, and supporting affordability of housing. As of March 31, 2021, \$54,204 (2020 - \$26,374) had been provided to the Corporation, of which \$27,830 (2020 - \$26,374) is receivable at year-end

In 2021, CMHC entered into a Rapid Housing Initiative (RHI) Agreement with the Corporation for additional funding of \$4,902 over one year. Funding received through the agreement is targeted to rapidly house vulnerable Canadians in response to COVID-19. As of 2021, \$4,902 (2020 - nil) had been provided to the Corporation, of which nil (2020 - nil) is receivable at year-end.

In 2021, the Government of Nunavut provided a supplementary appropriation to the Corporation for additional funding of \$37,800 over one year. Funding received through the supplementary appropriation is intended for the purchase of housing units that are currently leased by the Corporation. As of March 31, 2021, \$37,800 (2020 - nil) had been provided to the Corporation, of which nil (2020 - nil) is receivable at year-end.

Revenue recognized in relation to this funding and the corresponding liability recognized for remaining funds advanced but not yet spent are as follows:

	<u>2021</u>	<u>2020</u>
Capital funding advanced, opening	\$ 31,023	\$ 35,063
NHS capital funding advanced	27,830	26,374
RHI capital funding advanced	4,902	-
Government of Nunavut capital funding advanced	37,800	-
Advanced funds used for capital additions	<u>(40,852)</u>	<u>(30,414)</u>
Capital funding advanced, closing	<u>\$ 60,703</u>	<u>\$ 31,023</u>

The Corporation has contracted this funding for capital projects as discussed in Note 17 or are in the process of concluding an agreement to purchase housing units.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

10. LONG-TERM DEBT

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build social housing assets in the form of long-term mortgages payable to CMHC (referred to as *National Housing Act* section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA section 82 debt under the SHA). Under the SHA, part of the funding provided to the Corporation was used to reduce 100% of the NHA section 79 debt and reduce by 5/9th of the NHA section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC.

This funding receivable from CMHC and the related payments due by the Corporation each year on the long term debt payable to CMHC are legally offset, resulting in no exchange of cash between the Corporation and CMHC.

The funding receivable from CMHC is recorded as a reduction of the corresponding long-term debt payable. As the funding from CMHC and the corresponding repayments of long-term debt are non-cash transactions, they have not been recorded in the consolidated statement of cash flow.

	Debt balance	CMHC Funded Portion	2021 Net debt balance	2020 Net debt balance
Mortgages payable to CMHC (NHA Old Section 79 debt), repayable in monthly or quarterly installments, maturing from 2022 to 2037 at interest rates from 9.5% to 19.75% (2020 - 9.5% to 19.75%).	\$ 49,922	\$ (49,922)	\$ -	\$ -
Loans payable to CMHC, repayable in annual installments until the year 2032, bearing annual interest of 6.97% (2020 - 6.97%). The loans are guaranteed by the Government of Nunavut.	15,173	(8,429)	6,744	7,394
Loans payable to CMHC, assumed from Inuit Non-Profit Housing Corporation in 2017, repayable in monthly installments, maturing from 2021 to 2028 at interest rates from 2.12% to 10.375% (2020 - 2.12% to 10.375%).	142	-	142	174
	\$ 65,237	\$ (58,351)	\$ 6,886	\$ 7,568

The above mortgages and loans payable to CMHC are not secured.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

10. LONG-TERM DEBT (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 712	\$ 492	\$ 1,204
2023	762	441	1,203
2024	817	386	1,203
2025	875	327	1,202
2026	917	265	1,182
2027 and beyond	<u>2,803</u>	<u>509</u>	<u>3,312</u>
	<u>\$ 6,886</u>	<u>\$ 2,420</u>	<u>\$ 9,306</u>

Had CMHC not funded the repayments of the long-term debt principal and interest payable to CMHC, the Corporation would have incurred additional interest expense of \$7,494 (2020 - \$7,822) and would have made additional principal long-term debt repayments to CMHC of \$3,011 (2020 - \$3,051).

11. CAPITAL LEASE OBLIGATIONS

The Nunavut Housing Corporation is committed to 3 lease agreements (2020 - 3) for housing units that support the Public Housing, and Staff Housing Programs. These lease agreements are based on implicit interest rates varying from 4.85% to 6.70% (2020 - 4.85% to 6.70%) and have expiry dates ranging from 2022 to 2026. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	<u>Future minimum lease payments</u>	<u>Executory Costs</u>	<u>Imputed Interest</u>	<u>Lease Obligation</u>
2022	\$ 525	\$ 12	\$ 54	\$ 459
2023	426	12	26	388
2024	168	1	12	155
2025	162	-	5	157
2026	<u>14</u>	<u>-</u>	<u>1</u>	<u>13</u>
Total	<u>\$ 1,295</u>	<u>\$ 25</u>	<u>\$ 98</u>	<u>\$ 1,172</u>

Interest expense related to capital lease obligations for the year was \$81 (2020 - \$106)

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

12. LIABILITY FOR CONTAMINATED SITES

The Corporation has identified 1 site (2020 - 1) for which an environmental liability has been recorded. All sites are contaminated as a result of oil spills. The liability is calculated as estimated costs remaining to remediate the spills to the required environmental standard, based on a standard cost per litre established using historical experience. The spills are expected to be remediated within the next fiscal year. There are no estimated recoveries (2020 - nil).

13. PENSION PLANS AND EMPLOYEE FUTURE BENEFITS

(a) Pension plans

(i) Public service pension plan

Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The general contribution rate effective at year end was 1.01 times (2020 - 1.01 times) for existing employees and 1.00 times (2020 - 1.00 times) for new members entering into the plan on or after January 1, 2013. Total employer contributions of \$1,046 (2020 - \$1,009) were recognized as expense in the current year.

The Corporation's and employees' contribution to the Plan for the year were as follows:

	<u>2021</u>	<u>2020</u>
Employer's contribution	\$ 1,046	\$ 1,009
Employees' contribution	1,040	1,004

(ii) Northern Employee Benefits Services (NEBS) pension plan

Participating members in the NEBS Plan are required to make contributions to the plan of 8% (2020 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2020 - 8%). These contributions cover current service costs and a provision for adverse deviation. Total employer contributions of \$1,215 (2020 - \$1,191) were recognized as expense in the current year.

The total service contributions by LHOs to the NEBS Pension Plan for the year were as follows:

	<u>2021</u>	<u>2020</u>
Employer's contribution	\$ 1,215	\$ 1,191
Employees' contribution	1,215	1,191

As at January 1, 2021, the NEBS Plan had a going concern surplus of \$45,100 (2020 - \$31,200) and a funded ratio of 118.0% (2020 - 113.0%). The NEBS Plan serves 3,534 (2020 - 3,364) employee members and 117 (2020 - 116) participating employers.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

13. PENSION PLANS AND EMPLOYEE FUTURE BENEFITS (continued)

(b) Employee future benefits

The estimated liabilities and related expenses for these employee future benefits are as follows:

	2021	2020
Corporation		
Resignation and retirement	\$ 783	\$ 703
Sick leave	<u>377</u>	<u>388</u>
	<u>1,160</u>	<u>1,091</u>
LHOs		
Resignation and retirement	1,037	1,007
Sick leave	<u>510</u>	<u>570</u>
	<u>1,547</u>	<u>1,577</u>
Total employee future benefits	<u>\$ 2,707</u>	<u>\$ 2,668</u>

The discount rate used to determine the employee future benefit liabilities is 2.10% (2020 - 3.20%) and the salary increase 3.00% (2020 - 3.00%). The Corporation paid \$110 (2020 - \$107) in employee benefits during 2021.

14. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to certain risks as a result of holding financial instruments. There has been no change to the level of risk compared to prior year and no change in the methods and practices used to manage these risks. The following risks have no significant impact on the Corporation's consolidated financial statements.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

14. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk through its financial assets and loan guarantees, and the maximum exposure to credit risk is as follows:

Financial Assets:

	<u>2021</u>	<u>2020</u>
Cash	\$ 125,108	\$ 42,967
Accounts receivable	38,282	34,670
Portfolio investments	64,911	123,429
Mortgages receivable	<u>1,883</u>	<u>2,027</u>
Total financial assets	230,184	203,093
Loan guarantees to CMHC related to sponsor groups	<u>384</u>	<u>430</u>
Total	<u>\$ 230,568</u>	<u>\$ 203,523</u>

Although loan guarantees to CMHC related to sponsor groups are not recognized as a liability of the Corporation, there is a credit risk associated with the ability of related sponsor groups to discharge their obligations. The nature of these guarantees is discussed further in Note 16.

Accounts receivable consists primarily of amounts due from GN, CMHC and the federal government, which in aggregate represent 89% (2020- 87%) of balances outstanding. To mitigate credit risk related to accounts receivable, the Corporation does regular follow up on their accounts receivable. The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of customers, the aging of accounts receivable, current business conditions and historical experience. For tenant accounts receivable, any invoices 90 days past due are fully impaired. Any amounts subsequently received for these invoices are reflected as recoveries in these consolidated financial statements.

Accounts receivable are generally due in 30 days and depending on the terms and conditions of service interest may be charged at the rate specified thereafter. The Corporation utilizes an allowance account for potential credit losses related to accounts receivable.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

14. FINANCIAL RISK MANAGEMENT (continued)

Allowance for doubtful accounts:

	<u>Tenant</u>	<u>Trade & Other</u>	<u>Total 2021</u>	<u>Total 2020</u>
Balance, beginning of the year	\$ 36,624	\$ 2,314	\$ 38,938	\$ 35,562
Increase in the allowance account	<u>2,486</u>	<u>98</u>	<u>2,584</u>	<u>3,376</u>
	<u>\$ 39,110</u>	<u>\$ 2,412</u>	<u>\$ 41,522</u>	<u>\$ 38,938</u>

The aging analysis of tenant accounts receivable is as follows:

	<u>Current</u>	<u>Past due 31 - 90 days</u>	<u>Past due > 90 days</u>	<u>Total 2021</u>	<u>Total 2020</u>
Tenant receivables	\$ 940	\$ 1,305	\$ 39,021	\$ 41,266	\$ 39,011
Less: Allowance	<u>-</u>	<u>(89)</u>	<u>(39,021)</u>	<u>(39,110)</u>	<u>(36,624)</u>
Total tenant receivables	<u>\$ 940</u>	<u>\$ 1,216</u>	<u>\$ -</u>	<u>\$ 2,156</u>	<u>\$ 2,387</u>

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications that customers will not be able to meet their obligations.

The risk associated with cash is minimized substantially by placing these assets in senior Canadian chartered banks and the Corporation monitors these assets.

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

The Corporation invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements. Portfolio investments are managed by the Corporation's external investment managers. All portfolio investments have an R-1 (mid) or an AA (low) rating or higher from the Dominion Bond Rating Service. Investments from a single issuer are limited to a maximum dollar value of \$75,000 from the Government of Canada, or the government of a Canadian province or territory, \$50,000 from a bank listed in Schedule I of the *Bank Act* (Canada), and \$25,000 from a Canadian municipal corporation or a bank listed in Schedule II of the *Bank Act* (Canada). There is no significant concentration in any one investment counterpart.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Corporation is not significantly exposed to interest rate risk on its portfolio investments as these investments are not held on the open market, are intended to be held until the end of the term, and have fixed interest rates until that time. Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

14. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

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

The Corporation is not exposed to foreign exchange or other price risk.

(c) Liquidity risk

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

A maturity analysis of the Corporation's financial liabilities as at March 31, 2021 is as follows (the contractual cash flows reported are undiscounted and include principal payments and finance charges):

	Carrying Amount	2022 Estimated	<u>Contractual Cash Flows</u>			Total 2021	Total 2020
			2023 to 2026	2027 to 2037			
Accounts payable and accrued liabilities	\$ 61,318	\$ 61,318	\$ -	\$ -	\$ 61,318	\$ 71,974	
Long-term debt	6,886	1,204	4,790	3,312	9,306	10,528	
Capital lease obligations	1,172	525	770	-	1,295	1,819	
Security deposits	1,121	1,121	-	-	1,121	1,032	
	<u>\$ 70,497</u>	<u>\$ 64,168</u>	<u>\$ 5,560</u>	<u>\$ 3,312</u>	<u>\$ 73,040</u>	<u>\$ 85,353</u>	

15. TRANSFERS FROM CMHC

	<u>2021</u>	<u>2020</u>
Contributions for social housing including interest expense	\$ 12,100	\$ 13,581
Repairs, maintenance, grants and other costs	<u>44,775</u>	<u>33,540</u>
Total transfers from CMHC	<u>\$ 56,875</u>	<u>\$ 47,121</u>

Under the terms of a Social Housing Agreement (SHA) with CMHC, the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA.

The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2036.

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

15. TRANSFERS FROM CMHC (continued)

A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (Note 10). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

16. CONTINGENCIES

Financial guarantees

Under the terms of the SHA with CMHC as described in Notes 10 and 15, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans.

The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The carrying value of these third party loans is approximately \$384 as at March 31, 2021 (2020 - \$430).

Environmental contingencies

In 2008, a heating oil spill occurred on the Corporation's property that was fully remediated by the Corporation by placing the contaminated soil in temporary containment cells within the Municipality of Qikiqtarjuaq's landfill site. At some point subsequent to containment by the Corporation, the Municipality of Qikiqtarjuaq moved the untreated soil to the site of a remediation facility that was being constructed but was never completed under a 2009 contribution agreement between the Corporation and the Municipality. The contribution agreement has since expired. Although the Corporation has not accrued a provision as it has determined that it is not responsible for further remediation of the contaminated soil, there is uncertainty about whether the Corporation might be required to accept responsibility in the future by an event outside its control, the outcome and extent of which is not currently determinable.

Legal claims

In the normal course of operations, the Corporation could become party to future claims and legal proceedings. Management is of the opinion that adequate provisions have been made for any disbursements that could stem from future legal decisions and that while the outcome and extent of legal claims or possible claims is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually or in the aggregate, the probable ultimate resolution of all legal claims and possible claims will not have a material financial impact on the Corporation's financial position, results of operations or its cash flows.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

17. CONTRACTUAL OBLIGATIONS

The Corporation leases staff and public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

2022		\$ 32,641
2023		18,436
2024		6,704
2025		388
2026		14
2027 and thereafter		<u>-</u>
		<u>\$ 58,183</u>

The Corporation has contracted the construction of new buildings with an obligation of \$40,829 with expected completion dates up to May 2022.

The Corporation has committed to provide homeowners with grants related to homeownership programs with an obligation of \$4,028 with expected disbursement in the 2021-22 fiscal year.

The Corporation has outstanding contracts for the provision of goods and services related to administration with an obligation of \$1,062 with expected disbursement in the 2021-22 fiscal year.

The Corporation has signed land leases for various lots throughout Nunavut which are for 30 years with an annual commitment of \$746 in addition to the amount stated for the above leases.

18. CONTRACTUAL RIGHTS

Contractual rights are the rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Corporation's contractual rights arise because of contracts entered into for government transfers, leases of residential property and interest on portfolio investments.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

18. CONTRACTUAL RIGHTS (continued)

Contractual rights are as follows:

<u>Contractual Rights</u>	<u>Expiry</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027 and Thereafter</u>
Transfers from CMHC through Social Housing Agreement	2037	\$15,081	\$14,569	\$14,514	\$14,397	\$13,892	\$ 73,620
Transfers from CMHC through Bilateral Agreement Under 2017 National Housing Strategy	2028	29,025	29,844	29,259	29,439	29,846	64,001
Transfers from Government of Nunavut through Low Carbon Economy Fund	2022	5,175	-	-	-	-	-
Lease payments from Government of Nunavut for residential property	2023	1,266	557	251	-	-	-
Interest related to portfolio investments	2025	<u>298</u>	<u>152</u>	<u>152</u>	<u>106</u>	<u>17</u>	<u>-</u>
		<u>\$50,845</u>	<u>\$45,122</u>	<u>\$44,176</u>	<u>\$43,942</u>	<u>\$43,755</u>	<u>\$ 137,621</u>

19. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Nunavut created departments, agencies and territorial corporations. The Corporation enters into transactions with these entities in the normal course of business under terms and conditions similar to those with unrelated parties, with exception to services provided without charge to which no consideration is exchanged. Balances receivable and payable resulting from transactions that the Corporation had with related parties during the year are disclosed in Notes 4 and 8 respectively.

The effect of transactions where an exchange of financial consideration occurs with related parties on the Corporation's revenues and expenses are disclosed in the following table. Revenues presented are exclusive of transfers received from the GN, which are disclosed in Note 3.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

19. RELATED PARTY TRANSACTIONS (continued)

	2021	2020
Related party revenues		
Government of Nunavut	\$ 2,907	\$ 2,592
Qulliq Energy Corporation	35	37
	\$ 2,942	\$ 2,629
Related party expenses		
Qulliq Energy Corporation	\$ 33,081	\$ 32,198
Petroleum Products Revolving Fund	19,768	20,332
Government of Nunavut	2,505	2,330
	\$ 55,354	\$ 54,860

In addition to the amounts disclosed above, the Corporation receives services provided without charge from the GN. These services provided by the GN are recorded in corporate administration expenses, with a corresponding credit to the GN funding, in the Consolidated Statement of Operations and Accumulated Surplus, and are as follows:

	2021	2020
Office accommodations	\$ 1,150	\$ 1,124
Professional services	607	764
Employee benefits	151	95
	\$ 1,908	\$ 1,983

20. IMPAIRMENT OF TANGIBLE CAPITAL ASSETS

Since 2017, the Corporation has undertaken a study of its housing assets and assessed a sample of housing units for mold damage. The results of the study has indicated varying levels of mold damage across the different communities. During 2021, mold remediation was conducted on 28 units (2020 - 32 units) across different communities. Due to the damage incurred in these housing units, the Corporation has recognized an impairment and written down the value of these assets by \$258 (2020 - 217).

Based on the study, it is likely that additional units have mold damage, but the extent of this is not yet known. The Corporation will continue to assess the impairment on the individual housing units as the mold remediation work is being performed and will write down on an individual asset basis the resulting impairment per unit. The total impairment across all housing units cannot be reasonably estimated at this time as it can only be assessed as the mold remediation work is undertaken.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
(in thousands of dollars)

21. COVID-19 IMPLICATIONS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic while it rapidly spread throughout Canada and the rest of the world. The pandemic resulted in changes to the Corporation's operations including the closing of its offices by territorial decree.

Although these changes did not have a significant impact to the Corporation for the current year, the pandemic continues to evolve and in the event the situation is prolonged, the operations of the Corporation and its clients could be adversely impacted which has the potential to significantly impact the financial statements.

NUNAVUT HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF OTHER REVENUE AND RECOVERIES
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	Actual 2021	Actual 2020
Other revenue and recoveries		
Other rental revenues	\$ 2,581	\$ 2,324
Investment revenue	1,974	3,524
Homeowner's assistance recovery	524	391
Miscellaneous revenue and recoveries	422	647
Impaired mortgage recovery	218	149
Staff housing recoveries	138	192
Gain on capital assets	133	666
Gain on disposal of condominiums (\$750 sales less \$679 cost of sales)	71	236
Mortgage interest revenue	62	74
Total other revenue and recoveries	\$ 6,123	\$ 8,203

NUNAVUT HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENSES BY PROGRAM AND OBJECT
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	<u>Social housing program</u>	<u>Staff housing program</u>	<u>Corporate administration</u>	<u>Total 2021</u>	<u>Budget 2021</u>	<u>Total 2020</u>
Expenses						
Utilities, taxes and land leases	\$ 114,575	\$ 7,374	\$ -	\$ 121,949	\$ 118,529	\$ 117,374
Leasing	7,355	45,663	-	53,018	53,749	50,097
Amortization	32,136	4,608	-	36,744	40,526	37,287
Demand and preventative maintenance - salaries	28,149	-	-	28,149	24,947	27,377
Compensation and benefits	-	1,919	14,472	16,391	16,807	15,774
LHO administration - salaries	10,990	-	-	10,990	13,128	10,479
Demand and preventative maintenance - other	6,181	4,422	-	10,603	13,248	12,122
Repairs for modernization and improvements	7,098	174	-	7,272	7,999	8,686
Pandemic related expense	3,528	366	28	3,922	-	-
Professional and special services	-	1	2,282	2,283	1,103	2,892
Bad debt	2,222	-	-	2,222	2,556	2,944
LHO administration - other	1,829	-	-	1,829	3,832	2,358
Agency fees	-	1,427	20	1,447	1,455	1,502
Office accommodations	-	-	1,403	1,403	1,395	1,370
Computer services	-	2	1,218	1,220	548	1,129
Travel and training	-	51	661	712	2,303	1,922
Interest on long term debt	528	81	-	609	620	688
Communications	-	278	278	556	166	752
Write-downs of capital assets	492	-	-	492	-	564
Miscellaneous	-	-	426	426	-	1,883
Materials supplies and other	-	13	344	357	227	302
Sponsor groups	49	-	-	49	516	77
Land titles and fees	-	-	39	39	81	93
Building and equipment rental	-	-	22	22	105	37
Total expenses	<u>\$ 215,132</u>	<u>\$ 66,379</u>	<u>\$ 21,193</u>	<u>\$ 302,704</u>	<u>\$ 303,840</u>	<u>\$ 297,709</u>

NUNAVUT HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	Social Housing	Staff Housing	Lease To Purchase	Capital Lease Cost	Warehouses & Offices	Equipment & Leaseholds	Land	Equity Land Lease	Total 2021	Total 2020
Cost										
Balance, opening	\$ 1,113,377	\$ 120,259	\$ 142	\$ 5,839	\$ 30,603	\$ 4,018	\$ 327	\$ 17,077	\$ 1,291,642	\$ 1,219,450
Transfer from Construction in Progress	12,992	7,257	-	-	(152)	-	-	1,534	21,631	69,895
Additions ¹	338	-	-	-	-	1,117	-	-	1,455	3,909
(Disposals)	(114)	-	-	-	-	-	-	-	(114)	-
Adjustments	384	(384)	-	-	-	-	-	-	-	-
Write-downs	(1,292)	-	-	-	-	-	-	-	(1,292)	(1,612)
Balance, closing	<u>1,125,685</u>	<u>127,132</u>	<u>142</u>	<u>5,839</u>	<u>30,451</u>	<u>5,135</u>	<u>327</u>	<u>18,611</u>	<u>1,313,322</u>	<u>1,291,642</u>
Accumulated Amortization										
Balance, opening	\$ 521,145	\$ 41,054	\$ 101	\$ 4,903	\$ 12,667	\$ 3,007	\$ -	\$ 2,609	\$ 585,486	\$ 549,247
Amortization	30,269	4,307	2	301	889	356	-	620	36,744	37,287
Accumulated amortization related to write-downs	(803)	-	-	-	-	-	-	-	(803)	(1,048)
Accumulated amortization related to disposals	(97)	-	-	-	-	-	-	-	(97)	-
Adjustments to amortization	64	(64)	-	-	-	-	-	-	-	-
Balance, closing	<u>550,578</u>	<u>45,297</u>	<u>103</u>	<u>5,204</u>	<u>13,556</u>	<u>3,363</u>	<u>-</u>	<u>3,229</u>	<u>621,330</u>	<u>585,486</u>
Construction in progress										
Balance, opening	33,248	6,465	-	-	259	-	-	-	39,972	48,915
Additions ¹	61,399	3,719	-	-	21	-	-	1,534	66,673	60,952
Transferred to cost of tangible capital assets	(12,992)	(7,257)	-	-	152	-	-	(1,534)	(21,631)	(69,895)
Balance, closing	<u>81,655</u>	<u>2,927</u>	<u>-</u>	<u>-</u>	<u>432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,014</u>	<u>39,972</u>
Net Book Value	<u>\$ 656,762</u>	<u>\$ 84,762</u>	<u>\$ 39</u>	<u>\$ 635</u>	<u>\$ 17,327</u>	<u>\$ 1,772</u>	<u>\$ 327</u>	<u>\$ 15,382</u>	<u>\$ 777,006</u>	<u>\$ 746,128</u>
Estimated useful life	20 years	20 years	20 years	Lease Term	20 years	5 years	-	Lease Term		

1. The tangible capital asset acquisitions presented in the Consolidated Statement of Cash Flow excludes an amount of \$12,123 (\$12,588 in 2020) in relation to the acquisition and construction of tangible capital assets that remain unpaid as at March 31, 2021 as well as an amount of \$29 (\$666 in 2020) for non-monetary transactions incurred during the year.

NUNAVUT HOUSING CORPORATION
RECONCILIATION OF MAIN ESTIMATES TO PSAS ADJUSTED BUDGET
FOR THE YEAR ENDED MARCH 31, 2021
(in thousands of dollars)

	<u>2021</u>	<u>2020</u>
Generated revenues	<u>\$ 22,760</u>	<u>\$ 22,511</u>
Expenditures		
Social housing:		
Approved Main Estimates	180,633	178,782
Operating portion of capital budget	7,764	7,884
Amortization expense	35,901	34,785
Debt repayment	(11,212)	(11,492)
Rent assessments	<u>2,556</u>	<u>2,541</u>
	215,642	212,500
Staff housing:		
Approved Main Estimates	63,539	59,912
Operating portion of capital budget	235	215
Amortization expense	4,625	4,590
Principal portion of debt repayment	<u>(432)</u>	<u>(407)</u>
	67,967	64,310
Corporate administration:		
Approved Main Estimates	18,331	18,331
Government of Nunavut services without charge	<u>1,900</u>	<u>1,900</u>
	20,231	20,231
Homeownership:	<u>4,616</u>	<u>4,616</u>
Total PSAS adjusted expenditures budget	<u>308,456</u>	<u>301,657</u>
Net results of operations before government funding	<u>(285,696)</u>	<u>(279,146)</u>
Government funding		
Government of Nunavut		
Approved Main Estimates	217,718	211,265
Government of Nunavut capital budget	43,443	47,138
Services without charge	<u>1,900</u>	<u>1,900</u>
	45,343	49,038
Contribution from the Government of Nunavut	263,061	260,303
Canada Mortgage and Housing Corporation (CMHC)		
CMHC contribution	22,025	23,249
CMHC capital budget	32,120	31,727
CMHC portion of debt repayment	<u>(10,530)</u>	<u>(10,690)</u>
	21,590	21,037
Contribution from CMHC	<u>43,615</u>	<u>44,286</u>
Total PSAS adjusted government funding budget	<u>306,676</u>	<u>304,589</u>
Surplus	<u>\$ 20,980</u>	<u>\$ 25,443</u>

